

JPRS-LAM-84-121

5 November 1984

Latin America Report

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5 November 1984

LATIN AMERICA REPORT

CONTENTS

BRAZIL

Speculation Continues on Future Neves Cabinet (Getulio Bittencourt; GAZETA MERCANTIL, 29 Sep-1 Oct 84)	1
War Materiel Complex, Cooperation With Military Viewed (Joao Vitor Strauss, Tania Monteiro; FOLHA DE SAO PAULO, 16 Sep 84)	4
'Social Explosion' Feared Among Migrant Workers (GAZETA MERCANTIL, 27 Sep 84)	12
<p>Trouble Brewing in Interior, by M. A. Coelho Filho</p> <p>Rural Labor Relations, by Marina Takiiski</p>	
Libya Wants To Buy More Arms (Helio Contreiras; O ESTADO DE SAO PAULO, 20 Oct 84)	16
Montoro Spokesman Denies Alleged Fear of 'Social Explosion' (Clovis Rossi; FOLHA DE SAO PAULO, 28 Sep 84)	18
EMFA Head Notes Military Adherence to Figueiredo's Goals (O ESTADO DE SAO PAULO, 30 Sep 84)	23
EMFA Head Addresses Demographic Problem in Sao Paulo Speech (O ESTADO DE SAO PAULO, 6 Oct 84)	26
Third Poll Confirms Large Voter Preference for Neves (GAZETA MERCANTIL, 22-24 Sep 84)	28
Neves Seeks To Limit Role of State Firms (Tancredo Neves; O ESTADO DE SAO PAULO, 9 Oct 84)	43
CACEX Forecasts Less Impressive Export Growth in 1985 (VISA0, 3 Sep 84)	49
Briefs	
Iraq Largest Exporter	52

CHILE

- Role of Management Associations in Current Crisis Analyzed
(Guillermo Campero; MENSAJE, Oct 84) 53

DOMINICA

- Japanese Overtures Raise Hopes for Improved Trade
(THE DAILY GLEANER, 28 Sep 84) 63

EL SALVADOR

- PCN Statement Supports Efforts for Peace
(EL DIARIO DE HOY, 13 Oct 84) 64

Briefs

- PDC Committees Elecced 66
FRG Economic Aid 66

GRENADA

- Paper Deplores Disunity Inherent in Pre-Election Activity
(Editorial; THE GRENADIAN VOICE, 22 Sep 84) 67

- Article Comments on Case of Accused in Bishop Death
(Lloyd Noel; THE GRENADIAN VOICE, 25 Aug 84) 69

JAMAICA

- PNP Conference Closes With Manley Address, Resolutions
(THE DAILY GLEANER, various dates; THE SUNDAY GLEANER,
23 Sep 84) 74

Manley on Party Priorities
Conference Resolutions
Reelection of Officers
Patterson's Reelection

- Foreign Exchange Auction Regulations Criticized
(THE DAILY GLEANER, 26, 27 Sep 84) 78

Exporters' Complaints
JMA Calls for Change

- Shearer, New Nicaraguan Ambassador Exchange Remarks
(THE DAILY GLEANER, 29 Sep 84) 82

- Comment Continues on Government Measures Against Drug Dealers
(THE DAILY GLEANER, 26, 28 Sep 84) 83

Carl Stone Opinion, by Carl Stone
Call for Government Disclosure

Senate Discusses, Approves Civil Aviation Act (THE DAILY GLEANER, 2 Oct 84)	85
Charles Contrasts Future Goals, Programs of JLP, PNP (THE DAILY GLEANER, 24 Sep 84)	87
Labor Minister Interviewed, Defends His Actions (J. A. G. Smith Interview; THE SUNDAY GLEANER, 23 Sep 84)	88
Terrorism, Drug Links Called Threat to National Security (THE DAILY GLEANER, various dates)	94
Government Statements Spaulding on New Initiatives Details of Kingston Activities Skepticism on Assassination Story, by Carl Stone PNP, WPJ Reaction	
Spaulding Denies Manley Charge of Police Station Siege (THE DAILY GLEANER, 4 Oct 84)	101
Farmers Up in Arms Over Losses to Praedial Larceny (THE DAILY GLEANER, 4 Oct 84)	102
Briefs Price Increases	104

VENEZUELA

Need To Increase Agricultural Production Underlined (C. R. Chavez; EL UNIVERSAL, 10 Sep 84)	105
Foreign Oil Companies' Suit Against PDVSA Analyzed (Jorge Olavarria; RESUMEN, 23 Sep 84)	107
Briefs Decrease in Money Supply	115

SPECULATION CONTINUES ON FUTURE NEVES CABINET

Sao Paulo GAZETA MERCANTIL in Portuguese 29 Sep-1 Oct 84 pp 1, 7

[Article by Getulio Bittencourt: "Favorite Sport"]

[Text] It is possible that Esperidao Amin (PDS [Social Democratic Party]), governor of Santa Catarnia, has heard the name selected as prime minister in the Tancredo Neves government. An important spokesman for the PMDB [Brazilian Democratic Movement Party] candidate recently told Amin that Luis Gonzaga da Fonseca Motta, governor of Ceara, will be in the future cabinet.

The choice would be both political and personal: political, because Gonzaga Motta would be rewarded with a national office and, at the same time, it would make room for vice governor Adauto Bezerra to take over the government of Ceara; and personal, because Gonzaga Motta, who was recently invited to form a new party with Tancredo Neves, is the governor who dealt the final blow to the presidential candidacy of Vice President Aureliano Chaves when it was reeling in the PDS.

The consequences of Gonzaga Motta's act are well known. It led Aurelino Chaves to form the Liberal Front; the latter permitted the creation of the Democratic Alliance with the PMDB; and the whole thing gave Tancredo Neves an estimated majority of 100 votes in the Electoral College.

"What I really want is to govern Ceara," Gonzaga Motta told this newspaper yesterday, "and Dr Tancredo never discussed this matter with me." But if he were asked to make this sacrifice for the country and move to Brazil? The governor reflected, with good humor: "It depends on the cabinet post."

In all probability, Tancredo Neves has not invited anyone to be in his cabinet yet. Ceara's Vice Governor Adauto Bezerra is a case in point. He has not yet joined the Democratic Alliance, and if he takes this step in the days to come, it will be primarily on the basis of his survey of his electoral bases. The bases are for Tancredo Neves, particularly because Senator Virgilio Tavora, leader of the principal group in opposition to Adauto Bezerra, supports Deputy Paulo Maluf.

The speculation about the Tancredo Neves cabinet has been dominating the conversations of the nation's political and business leaders for weeks. In fact,

the struggle for a place in the sun in this potential administration is commensurate with the long fast of the opposition, excluded from the center of power for 20 years. "It is the only topic of conversation in this country," admits Olavo Setubal, banker and former mayor of Sao Paulo--one of the names mentioned most insistently for the Finance Ministry.

Setubal personally clarified two incorrect reports regarding the cabinet, which, for the time being, is only in Dr Tancredo's head. A newspaper quoted the PMDB candidate as saying he would not invite Roberto Gusmao, secretary of the government of Sao Paulo, into the cabinet because this would be an injustice to Governor Franco Montoro.

Tancredo Neves told Setubal that he had not made any such statement. The other report indicated that Ambassador Walther Moreira Salles would be given a cabinet post. All the closest advisors of the opposition candidate say that, in fact, the ambassador will have a post if he wants one. Apparently he does not want one. Walther Moreira Salles recently told Setubal that cabinet posts should go to the new generation.

Most of the names mentioned so far for the Democratic Alliance cabinet are from Sao Paulo. There are several reasons for this. Sao Paulo has the governor who launched the Tancredo Neves candidacy, Secretary Gusmao, one of his principal apologists, the president of the PMDB and a number of business leaders who support Neves.

In this regard, Roberto Gusmao is mentioned for the post of chief of the civilian household, a post which has also been mentioned for Parana Senator Affonso Camargo Netto; Setubal is mentioned as finance minister; Henrique Cardoso for the future Ministry of Culture, Science and Technology; and business leaders Antonio Ermirio de Moraes and Abelio Dinis are insistently mentioned for the economic ministries.

Obviously, Sao Paulo is over-represented. In the case of the economic ministries, especially the Finance Ministry, some strong names are making the rounds, such as Francisco Dornelles, the current secretary of federal revenue, a nephew of Tancredo, or businessman Jose Hugo Castello Branco, president of the two state banks of Minas Gerais and administrator, no less, of the campaign chest of the opposition candidacy.

Ronaldo Costa Couto and Rogerio Mitraud, Minas Gerais' secretaries of planning and finance, respectively, could also be moved up to federal posts, and businessmen such as Paulo Mario Freire, the highest executive of the Pereira da Silva group, who are seldom mentioned, could exhibit credentials which are not generally known. Freire managed to bring Tancredo Neves into the administrative council of his group for a period of time.

The Democratic Alliance candidate is known to admire Eliezer Batista, currently president of the Vale do Rio Doce Company and former minister of mines and energy. Another banker who has excellent relations with Tancredo Neves is Gastao Vidigal. Roberto Bornhausen, president of Unibanco, in addition to his connection with Walter Moreira Salles, is the brother of Senator Jore Bornhausen, of Santa Catarina, one of the founders of the Liberal Front.

A vigorous battle over these names is developing in the wings. For example, Jose Hugo Castello Branco told Olavo Setubal that people with personal projects in their states should not be in the cabinet. Setubal is a candidate for governor of Sao Paulo, but it is known that he would abandon this goal if he were called to serve the country.

In Rio de Janeiro, at least a half-dozen businessmen guarantee that former Minister Celso Furtado will not be in Tancredo's cabinet. It is possible that Furtado would be more suitable for the Ministry of Culture than in an economic post. Secretary Roberto Gusmao listens to the speculations, and assures that they are "cold," in other words, inexact. "Dr Tancredo is annoyed at the recitation of names," he said, "especially with regard to the economic ministries, where the speculations are completely out of line with reality."

Some skeletal cabinets have been conceived by Tancredo Neves himself. In a private interview with Sao Paulo economists, he said that the economic posts will not go to politicians or technocrats. The politicians are ruled out because his administration will be one of crisis-management. The technocrats are excluded because they have been a failure. Tancredo wants to turn the Brazilian economy over to businessmen because they are "specialists at managing a tight budget."

There is strong competition for the Finance Ministry because it should once again be the center of economic power. The Ministry of Planning has only as much power as the president delegates to it. Since Tancredo has already explained that he will be his own Delfim Netto, there will be no delegation of power. This being the case, after the minister of the army and the chief of the civilian household, the finance minister will be the most powerful cabinet officer. He chairs the National Monetary Council and, above all, signs the checks.

Tancredo should compensate for turning the economic ministries over to the conservatives by giving two important posts to the Left: the ministries of Labor and Culture, which should be prominent in his administration. He created precisely the same balance in setting up his secretariat in Minas Gerais.

The Ministry of Labor will be important in a Democratic Alliance government, but there is more speculation about the Interior Ministry. Senator Marco Maciel, of the Liberal Front, and Iris Resende, governor of Goias, are two strong possibilities. Ceara's Gonzaga Motta would not be out of place in this post.

It is well to remember that the noisy endorsement of Antonio Carlos Magalhaes suggests that he is likely to be influential in the future government.

The ministry with by far the most candidates is the Justice Ministry, and here again the name of Marco Maciel comes up. One of those candidates recently counted up 20 competitors.

Strictly speaking, however, only two names are sure to accompany Tancredo Neves to Planalto Palace: Dona Antonia, his secretary, and Aecio Cunha Filho, his nephew, two advisors whom he has long considered indispensable.

WAR MATERIEL COMPLEX, COOPERATION WITH MILITARY VIEWED

Sao Paulo FOLHA DE SAO PAULO in Portuguese 16 Sep 84 p 6

[Article by Joao Vitor Strauss and Tania Monteiro]

[Text] English, Arabic, Spanish, and African tongues are languages heard regularly in Sao Jose dos Campos (in Sao Paulo), the capital of Brazil's war materiel industry. Sao Jose dos Campos is located 90 kilometers from Sao Paulo on the President Dutra Highway. Customers from the Middle East, Africa, Latin America, and even Europe now gather at this former resort in search of a varied and growing range of military equipment, most of it produced for export.

In this sun-drenched municipality with its almost flat landscape, the therapeutic atmosphere that once drew people seeking treatment for tuberculosis has been gradually polluted by the rapid industrialization which began in the 1950's. Prospering here now are, among others, the three largest Brazilian manufacturers in the military sector: ENGESA (Specialized Engineers, Inc.), which specializes particularly in the production of armored vehicles, AVIBRAS (Aerospace Industry, Inc.), specializing in missiles, rockets, and bombs, and EMBRAER (Brazilian Aeronautics Company), an aircraft plant where military aircraft are soon going to predominate in overall production.

ENGESA, EMBRAER, and AVIBRAS occupy the top three places on the list of 350 firms involved partly or exclusively in the production of war materiel or products of value to the military, according to an estimate by the Armed Forces General Staff (EMFA). In all, they are said to employ about 100,000 people. EMBRAER alone--whose facilities are all in Sao Jose dos Campos--has 7,300 employees, 800 of whom occupy university-level positions. ENGESA, which with its subsidiaries is also present in other states, such as Bahia and Rio de Janeiro, had 8,000 employees last May--twice as many as at the end of 1982.

Advantages and Strategies

They are indications of the vitality exhibited by this sector, which is now beginning to assume, on a small scale, the features of what has come to be known in the developed world as a military-industrial complex. A solid network of convergent interests--in which localized conflicts and disputes are not unknown--blends the economic advantages of private enterprise with the strategic needs of the Armed Forces.

In this universe, protected by strict security arrangements, there is close interplay between industry and the three military services. Cooperation methods vary. In their simplest form, they consist of purchase orders to industry, and in some cases a firm's survival may depend on such orders. Elgin, Singer, and Vigorelli are mentioned as examples of companies which, although geared to the civilian market, have overcome temporary difficulties in the past by producing light weapons for the Armed Forces.

Sometimes the opposite happens, as was the case with Biseli, a Sao Paulo firm producing transportation equipment. It did not receive the hoped-for volume of orders for refitting (reworking) old tanks. "The contracts went to someone else," laments sales manager Ferruccio Chimini, who links that setback with the firm's subsequent request for a composition with its creditors. Chimini regrets the "large investments" made by his company in studies for refitting the tanks, since it got no return on its investment. He recalls: "There were always two or three colonels and captains in the plant making tests, but no orders resulted from it."

Protection Against Espionage

Scientists and technicians from the three military services are an active and constant presence in the factories making up the military-industrial complex. Those surroundings in general are protected against the danger of espionage. In places where high technology is at stake, access by visitors is rigorously controlled. Even the owners of the plants, bound by a commitment to absolute secrecy under the terms of contracts signed with their customers, are not at complete liberty to invite guests. Even trash is inspected. Paper shredders reduce discarded rough plans and sketches of projects to bits.

The scientific and technological research centers operated by the three military services play a prominent role in the military-industrial complex. The Army Research and Development Institute, for example, cooperated closely with the Sao Paulo firm of Bernardini on the project for modernizing the M-41 tank. The Institute for Advanced Studies (IEA) of the air force's Aerospace Technology Center [CTA] in Sao Jose dos Campos developed the Piranha project, which was then assigned for production to D. F. Vasconcellos, a Sao Paulo firm in the optical business. Without the training of minds that was sponsored by the CTA beginning in the 1950's, by the way, EMBRAER would not exist today. Also well known is the navy's initiative over the past decade, in cooperation with the Planning Secretariat, in stimulating the emergence of the first national computer firms. The supervision exercised by the National Security Council over that sector, which is of vital importance to the modern war materiel industry, is currently the subject of controversy and even of the object of lobbying in Congress.

Civilian-military cooperation also takes other forms. Some private firms are established not in response to market forces but as a result of detailed planning in cooperation with the Armed Forces. That is the case with ELETROMETAL, a Sao Paulo firm specializing in high-tech metal alloys, which was established in close cooperation with the army. Strictly speaking, such give and take is not new. It has simply been accelerating in recent years. D. F. Vasconcellos [DFV] was set up 42 years ago specifically to supply the army with precision optical equipment. Today, besides supplying the civilian market, the DFV with its 700

employees is an important supplier to the military sector. In addition to its optical line, which includes such optical-electronic products as rangefinding sights for the Xavante and Tucano aircraft and night vision periscopes for armored vehicles, the DFV manufactures small rockets, bombs, and--at a new industrial facility built especially for the purpose in Sao Jose dos Campos--the Piranha air-to-air missiles. Currently working at that plant are the same scientists who developed the project at the CTA.

The industrial policy of the Armed Forces consists of letting private enterprise produce the required materiel. There are exceptions to the rule, the most striking being the Navy Yard, Ordnance Industry (IMBEL), which belongs to the army, and EMBRAER, most of whose stock is owned by the air force. But even so, shades of difference can be noted. Indicative of civilian-military integration is the fact that the chairmanship of IMBEL, once entrusted only to generals, has been given to businessman Jose Luiz Whitaker Ribeiro, and that amounts to being chairman of ENGESA, Brazil's biggest and most successful private firm in the military sector.

Self-Sufficiency

Two episodes increased the concern of the Armed Forces to ensure national self-sufficiency in war materiel, even if that self-sufficiency is relative, and they also explain in part the rapid progress experienced by the arms industry. One of them was President Ernesto Geisel's cancellation of an old military cooperation agreement with the United States in reaction to Washington's demands on the Brazilian Government in connection with human rights violations. The other was the Falklands War, during which Argentina could not get the necessary supplies because its main suppliers aligned themselves with Great Britain. Both episodes made it obvious how vulnerable countries are when they do not produce their own armament.

But that strategic concern finds no material support in the budget possibilities of the Armed Forces. Orders from the three services, which are generally considered parcimonious, are not enough to ensure the growth of the arms industry--reportedly the sixth largest in the Western World in terms of volume of production. Economic support for its accelerated growth has come from the foreign market. The importance of that factor, dominant throughout the arms industry, can be gaged by the performance of the leading firm, ENGESA, which exports over 90 percent of what it produces, and by the Egyptian order for 120 Tucano military aircraft from EMBRAER. That order alone is almost enough to ensure the project's economic feasibility.

Along with the pioneering efforts by ENGESA, currently regarded as the West's largest producer of wheeled combat vehicles and the firm that took the lead in opening up the foreign market, other factors explain the success with exports, most of which go to countries in the Third World, the Middle East, Africa, and Latin America. One of those factors is the operational simplicity and sturdiness of Brazilian products, which makes them attractive to countries lacking personnel qualified to use the more sensitive and complex equipment supplied by the developed countries. Another factor, this one due to the very characteristics of Brazilian arms, is their low price in comparison with their more refined equivalents.

In 1984: \$3 Billion

Estimates--always unreliable in a sector surrounded by secrecy on all sides--indicate that the Brazilian arms industry billed \$2 billion in foreign sales in 1983 (about 10 percent of the country's exports) and that those billings might reach the impressive score of \$3 billion this year. In general, those are the figures accepted by the European and American press, which has been focusing growing attention on Brazil's arms production.

Even in the unlikely event that those estimates are too high, the attention being paid by the foreign press indicates that to some extent, the entry of a new competitor in a market practically monopolized by the developed countries is beginning to attract attention and even to be an annoyance.

Whatever the real situation may be, the fact is that this industry is taking great care--as a matter of survival--to open up, hang on to, and expand its niches abroad. Customers speaking Arabic, Spanish, and the African languages will continue to be welcomed and fawned upon like kings in Sao Jose dos Campos and every other town to which the Brazilian military-industrial complex has spread. EMBRAER's manuals on the AMX military jet are being written in Portuguese, Italian, English, Arabic, and Spanish. In the hangars where the Tucano single-engine military training aircraft is being built, Brazilian technicians will continue to train, in strongly accented English, the Egyptian mechanics sent here to learn how to maintain those aircraft. In ENGESA's studios, videotapes showing how to operate and maintain that firm's tanks will continue to be recorded in various languages. And in this market, which is not insensible to personnel changes, gifts, and other tokens of esteem, the game will continue to be played according to established customs. It is never out of place, for example, to be friendly to the wives of those who might influence the decision to buy a military device. It has been noted that on their frequent trips abroad, representatives of one of the biggest exporters in the Brazilian military-industrial complex never fail to take along a big handful of Brazilian semi-precious stones, so highly appreciated throughout the world.

Sample of What Is Produced

EE-9 Cascavel: An armored reconnaissance vehicle with four-wheel independent drive for operation in any terrain. It carries a crew of four. Approximate dimensions: length: 5.20 meters; width: 2.60 meters. Armed with a 90mm gun (the Brazilian version of the Belgian Cockerill), with metallurgy developed by ELETROMETAL. Equipped with optical-electronic sights and night vision devices produced by the DFV. Manufacturer: ENGESA.

EE-11 Urutu: Six-wheeled armored personnel carrier [APC] with amphibious capability. Dimensions: length: 6 meters; width: 2.5 meters. Can carry 11 men. Over 10 versions have been produced, including an ambulance and armored workshop version. Road speed of 95 km/hr with a range of 600 kilometers. Speed in water: up to 11 km/hr. Manufacturer: ENGESA.

EE-3 Jararaca: Four-wheeled light armored vehicle with independent drive. Manufacturer: ENGESA.

Osorio: Tracked heavy tank. In the prototype stage. Manufacture to begin next year. Manufacturer: ENGESA.

MB-3 Tamoio: Tracked 30-ton (medium) tank equipped with a 90mm gun. Length: 6 meters. Width: 3.10 meters. Height: 2.20 meters. Scania 600-hp engine. Speed: up to 70 km/hr. Range: 400 km. Domestic manufacturing content: 95 percent. Can handle a 60-degree grade and withstand a side slope of 30°. Manufacturer: Bernardini.

Sharrua: Wheeled amphibious APC. In the prototype stage. Manufacturer: Motor Parts Company.

Sharrua II: Armored vehicle for use on land. Smaller than the Sharrua. In the design stage. Manufacturer: Motor Parts Company.

EE-15 and EE-50: Military trucks for various applications. Manufacturer: ENGESA.

Tucano: Single-engine prop plane with two-seat cockpit. It can be used in offensive operations, particularly against guerrilla fighters, but it was developed as a military training aircraft. Because of this, it is subsonic (450 km/hr) and designed to simulate a faster jet fighter. Its cockpit, instrument panel, and controls make it possible to familiarize trainees with the handling of jets at lower cost. Fuselage: 9.86 meters. Wingspan: 11.14 meters. Takes off with 3.17 tons of armament: six machinegun pods of various calibers, four SBAT-37 rocket launchers, four SBAT-70 rocket launchers, eight SBAT-127 rockets, four 125-kilogram bombs, four 250-kilogram bombs, and two extra fuel tanks. Manufacturer: EMBRAER.

AMX: Single-seat fighter plane (only one crewmember) with a fixed semihigh wing designed specifically for ground attack in tactical support operations. It can operate at low altitude in a hostile electronic environment with a high probability of completing its mission. Equipped with a Rolls-Royce Spey MK807 jet engine, it is a high-speed subsonic aircraft (from 850 to 1,100 km/hr) with the latest in electronic systems. Fuselage: 13.6 meters. Wingspan: 8.9 meters. Height: 4.6 meters. It takes off with 3.5 tons of armament. The first two prototypes are in the flight testing stage. Series production scheduled for 1987. Manufacturers: Aeritalia and Aermacchi (of Italy) and EMBRAER.

Bandeirante: Four military planes are derived from this twin-turboprop aircraft that was developed for regional passenger traffic. The EMB-111 (P-95) is intended for search and maritime surveillance missions. It is equipped with advanced electronic equipment that includes a radar capable of locating a fishing trawler 100 nautical miles away. It flies for 11 hours without refueling. The EMB-110A (EC-95) is used for the calibration of airport instruments. The EMB-110B (R-95) is used in aerial photogrammetry. And the EMB-110P1K has been modified for search and rescue missions. Manufacturer: EMBRAER.

Brasilia (EMB-120): A twin-turboprop aircraft that can carry 30 passengers. Larger than the Bandeirante and developed, like the latter, to handle civilian regional traffic, the Brasilia will also be modified for military use after its series production begins next year. Being considered is an electronic aerial

surveillance version equivalent, on a smaller scale, to the U.S. AWACS. Manufacturer: EMBRAER.

SBAT-37 air-to-surface rocket (caliber: 37mm). Manufacturers: AVIBRAS and DFV.

SBAT-70 air-to-surface rocket (caliber: 70mm). Range: 7.5 km. Explosive charge: 4.5 kg. Manufacturers: AVIBRAS and DFV.

SBAT-127 air-to-surface rocket (caliber: 127mm). Range: 15 km. Explosive charge: 20 kg. Manufacturer: AVIBRAS.

SS-30 surface-to-surface rocket (caliber: 127mm). Range: 30 km.

SS-40 surface-to-surface rocket (caliber: 180mm). Range: 40 km. Explosive charge: 35 kg. Manufacturer: AVIBRAS.

SS-60 surface-to-surface rocket (caliber: 300mm). Range: 60 km. Explosive charge: 146 kg. Like the SS-40, it can be fitted with an explosive (HE) warhead or with multiple-type (MW) warheads that scatter a shower of explosives over the target. Derived from the X-40 rocket developed for the army by the Military Engineering Institute. Manufacturer: AVIBRAS.

Barracuda antiship missile. Two versions are in production, one for the navy and one for the army. Manufacturer: AVIBRAS.

Piranha air-to-air missile (caliber: 152mm). An infrared radiation sensor makes this a "smart" projectile that pursues its target (an aircraft) by homing in on the heat from the latter's engine. Range: 6 km. Speed: Mach 2. Developed at the CTA as an improved replacement for the U.S. Sidewinder AIM-9B. Manufacturer: DFV.

Seta antitank rocket launcher. It fires a shorter version of the SBAT-70. A bazookalike tube ejects the projectile with no noise or flame. Manufacturer: AVIBRAS.

Astros II system for directing barrage (saturation) fire at ground forces. The launcher's mobile platform is modular and carries 32 SS-30 rockets, 16 SS-40 rockets, or 4 SS-60 rockets as desired. The launcher is mounted on a semiarmored truck with six-wheel drive that is designed especially for use in hilly terrain. Operates in conjunction with other vehicles of the same type. A standard Astros II battery consists of from four to eight launch vehicles, the same number of rocket loading vehicles, one fire control vehicle, and one command vehicle. Manufacturers: AVIBRAS and its subsidiary TECTRAN (Transportation Technology, Inc.).

Cheaper than rockets and capable of carrying a larger explosive charge, conventional free-falling bombs with a ballistic or braked trajectory continue to be a part of contemporary arsenals. Here are some of the models produced in Brazil:

AV-BAFG-120 explosive bomb for general use. Length: 1.80 meters. Diameter: 23cm. Weight (armed): 120 kg. Manufacturer: AVIBRAS.

AV-BAFG explosive bomb for general use. Length: 2.20 meters. Diameter: 27cm. Weight: 250 kg. Manufacturer: AVIBRAS.

AV-BI-200 incendiary bomb. Length: 1.87 meters. Diameter: 42cm. Weight: 177 kg. Manufacturer: AVIBRAS.

AV-BI-250 incendiary bomb. Length: 3.46 meters. Diameter: 40cm. Weight: 271 kg. Manufacturer: AVIBRAS.

AV-BI-375 incendiary bomb. Length: 3.63 meters. Diameter: 48cm. Weight: 362 kg. Manufacturer: AVIBRAS.

AV-BP-250 penetration bomb for destroying runways. During its fall, an aerodynamic brake controls its speed and establishes an ideal angle as determined by an electronic sensor. The sensor also fires a small rocket capable of penetrating the concrete runway to a depth of 40 centimeters and rendering a 250-square-meter area useless. Manufacturer: AVIBRAS.

Parachute-drag bomb, its fall controlled by a parachute. Manufacturer: DFV.

BINC bomb (incendiary bomb). Manufacturer: DFV.

Fragmentation (cluster-type) bomb. Loaded with small grenades with high explosive power. The fragments scatter and can penetrate heavy steel plate. Manufacturer: AVIBRAS.

EMFA Wants Maximum Domestic Content

Brasilia--The Subdirectorate of Logistics and Mobilization is the EMFA section that keeps a list of Brazilian firms which can be converted to the production of war materiel or items of military value. From that standpoint, almost every industry is included. In case of war, a button factory could supply the accessories used in making military uniforms. To keep its list constantly up to date, the subdirectorate is in permanent contact with the National Confederation of Industries and the federations of industries in the best-equipped states, such as Sao Paulo, Minas Gerais, Rio de Janeiro, and Rio Grande do Sul.

According to the EMFA, the military-industrial complex currently consists of about 350 firms providing 10,000 direct jobs. Some officers verify [as published] that information, saying that the number of firms goes as high as 450. They do not disclose the exact figure, since that is secret information.

The military recall that since the Falklands War, the Armed Forces have stepped up their efforts to increase to the maximum the domestic content of the equipment they use. They point out, however, that since the Armed Forces issue extremely few purchase orders, most firms in the arms industry produce with an eye to the foreign market. But even when they have no use for products manufactured exclusively for import [as published, presumably export intended], the Armed Forces make purchases through what are called "educational orders" to keep their personnel well trained and up to date.

The goal of increasing the domestic content of equipment is stimulating the development of military research centers, a process that is taking place slowly. The military say, however, that many studies are duplicated. The EMFA is trying to unify projects to prevent waste, but it is encountering resistance in the military services, each of which wants to develop its projects separately on the grounds that they are specific to its own needs and not applicable in other sectors.

The danger of espionage is also a concern. To prevent it, an attempt is made, for example, to divide the manufacture of a metal alloy into various stages. In that way, if secrecy is breached in one of the factories involved, the material is not jeopardized because the remaining links in the chain remain safe.

The National Intelligence School (ESN) itself has a research center called the CEPESQ that is actually subordinate to the National Security Council (CSN). The CEPESQ develops equipment to be produced by PROLOGO (Electronic Products, Inc.), a firm nominally subordinate to IMBEL. PROLOGO's products include listening devices and message coding equipment. The number of military directly engaged in war materiel research and development is considered a secret.

11798
CSO: 3342/7

'SOCIAL EXPLOSION' FEARED AMONG MIGRANT WORKERS

Trouble Brewing in Interior

Sao Paulo GAZETA MERCANTIL in Portuguese 27 Sep 84 p 7

[Article by M.A. Coelho Filho]

[Text] The government of Sao Paulo State is "concerned" about the possibility of another social explosion in the interior, similar to the one in Guariba in May of this year. The information came from Labor Secretary Almir Pazzianotto, who even promoted a meeting on 17 September, in Bandeirantes Palace, between Governor Franco Montoro and the proprietors of the sugar mills and distilleries to discuss the problem. In that meeting, which Pazzianotto described as "inconclusive," several proposals were placed on the table, and the government was asked to study them closely.

The purpose of calling the Sao Paulo mill owners to the palace was to anticipate possible problems which usually come up at the end of the sugar cane harvest. Beginning in late October, about 300,000 rural workers are laid off until the start of the new cycle (May) and most of them do not find other employment.

"Actually, we have three problem phases when tensions increase, particularly in this period in our history: the beginning of the harvest (May); the end of the harvest (October); and the inter-harvest (March-April)," the labor secretary noted. According to Pazzianotto, major reasons for the tension at the end of the harvest are the prospect of unemployment for a long period and the discovery that the prices paid have not gone up with the cost of living.

Proposals

The sugar mill and alcohol distillery owners (there are 173 sugar mills and distilleries in the state) proposed to the governor that some kind of financing be made available for inter-harvest crops, as a way to employ the labor force in the next inter-harvest period. According to the labor secretary: "This is a complicated proposition, considering that this financing could amount to a large figure, perhaps well beyond the means of the state."

Another suggestion put forward by the mill owners was to exempt cane and sugar from the ICM [Merchandise Distribution Tax] for a set period and put those resources into new crops--which the government also considered unacceptable. According to Almir Pazzianotto, solutions are being studied to create jobs at the municipal level, primarily in public works which require manual labor.

Rumor

Regarding the rumor which was recently making the rounds at Bandeirantes Palace, that the sugar mill owners were arming themselves to confront the migrant workers on an equal footing, the secretary of labor was not disturbed. "In the first place, I do not believe this and I have not had any such information; in the second place, if this happened it would be very foolish, because social problems are not solved this way," Pazzianotti declared.

The secretary noted that the rural cane and sugar mill workers should be divided into three groups: the registered workers, the cane cutters and the migrants.

"The first are employed full-time and the second generally return to their cities of origin after the harvest. It is the migrants, who are the most belligerent, who are cause for concern because they have no ties to any region." To check out the "climate among the workers" in the interior, Almir is traveling today to Igarapava and Sales de Oliveira to listen to their demands at first hand.

Rural Labor Relations

Sao Paulo GAZETA MERCANTIL in Portuguese 27 Sep 84 p 7

[Article by Marina Takiiski]

[Text] Breaking a long silence, the migrant farm workers, commonly known as "boias frias" [working for "cold grub"], demonstrated at the beginning of the current sugar cane and orange harvest, demanding a more just labor relationship, assumed by the producer himself, without the intermediation of the "cats" [temporary labor contractors].

In an unprecedented attack, the "boias frias" shook up the peaceful town of Guariba, set in the wealthy region of Ribeirao Preto (a little over 300 kilometers from the capital of Sao Paulo), which produces one-third of all the oranges and sugar cane and employs close to 150,000 migrant workers. The migrant workers won an agreement which, among other measures, provided for a supply of work tools, control over their production and the right to holidays and to the extra month's wage, scaled to the period of employment in the same locale.

According to Alencar Rossi, the Labor Ministry's secretary of labor relations, the movement, principally in the Ribeirao Preto region, is the "new factor" in a turbulent year in which, according to the Regional Office of the Labor Ministry, 156 strikes were recorded in the first 6 months in Sao Paulo State alone, involving important categories, such as the Paulinia petroleum workers. He noted, however, that these concessions are at least 5 years overdue, compared to the [gains] in the Zona de Mata of Pernambuco, a sugar cane region "where there is a tradition of struggle."

The Guariba incident brought about at least some changes in the way the authorities and the management class deal with rural labor issues.

At the end of May, soon after the Guariba affair, on the initiative of Ricardo Nacim Saad, regional delegate of the Labor Ministry, a bipartite committee was

formed, including representatives of FETAESP [Sao Paulo State Agricultural Workers Federation] and FAESP [Sao Paulo State Agricultural Federation], which meets regularly to discuss unresolved issues between the workers and the growers. After 3 months, the major goal of the committee has not been achieved: the signing of the collective agreement. Once again, the matter will be taken to the Regional Labor Court.

Bipartite Committee

A list of 50 demands presented by the labor class brought no response from the FAESP, which offered 5 percent more than the minimum wage, but changing the data-base from 15 September to 1 November, which will coincide with the readjustment of the minimum wage.

Although many rural labor unions have signed separate contracts, establishing a wage floor between 174,000 cruzeiros and 195,000 cruzeiros, the FETAESP directorate claims that the floor which would result from the additional 5 percent over the minimum wage would correspond to what workers in this category are already earning.

Truce

Once the Guariba agreement was signed, it came to set the standard for future demands. Almir Pazziamotto Pinto, state secretary of labor relations, who mediated the negotiations, declared that the problem of the casual laborers had not been solved but that this had only been a "truce." What he was really saying is that this was the beginning of a process which still has very far to go. For the next harvest, he recommends that the negotiations precede the beginning of the harvest, since he fears that the workers will demonstrate in a much more violent way.

Once the euphoria had passed, new problems arose in the region. The news of the advantages of the Guariba accord attracted an insupportable number of unskilled workers from other areas, which led, in practice, to pre-selection, in which the "law of the strongest" came to prevail.

The practice also demonstrated that the implementation of the agreement requires more than a signed document. No sugar mill owner has the authority to force the "gatos" to abide by the agreement, and this led to a flare-up of new local conflicts, always with one issue in common: the extension of the Guariba agreement.

Cooperatives

Some sugar mill proprietors, real sugar cane "industrialists," have been spared a direct relationship with the workers. With this trend, the following division is beginning to take shape: on one hand, the small mills which insist on maintaining the system of hiring manpower through the "cats" and, on the other hand, the large mills and growers who maintain employees on their staff to hire the migrants; they receive a commission for this task and a percentage for the productivity of the workers they bring in. The company is still responsible for paying the migrant workers.

Labor Minister Murillo Macedo says his ministry is promoting cooperatives to guarantee job stability for migrant workers.

According to FETAESP, however, this is only replacing the "cats" with another contracting organ, insuring that the present system will be maintained, relieving the producer of any social responsibilities.

6362

CS0: 3342/13

BRAZIL

LIBYA WANTS TO BUY MORE ARMS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Oct 84 p 5

[Article by Helio Contreiras]

[Text] Libya is going to reopen its military market to Brazil, which has been frozen out since the incident of the Ilyushin planes last year. The report came yesterday from a high-ranking military advisor. In the plane incident, three Libyan Ilyushins and a Hercules landed on Brazilian territory. They said they were carrying medicines, but they were actually transporting arms. The aeronautics minister demanded that the war materiel be flown back to Tripoli on different planes, but an agreement was reached, through Itamaraty, that the weapons would be sent back on the same planes, as requested by Col Mu'ammarr Qadhafi, president of Libya.

The incident of the Libyan planes occurred just as EMBRAER [Brazilian Aeronautics Ministry] was negotiating with Libya for the sale of T-27 training planes, a sale that would have been surpassed only by the one negotiated with Egypt at the end of 1983. An emissary of the Qadhafi government had, in fact, already been received by Brig Gen Delio Jardim de Mattos, minister of aeronautics, and Col Osires Silva, president of EMBRAER.

The freeze on negotiations for the sale of Brazilian war materiel was damaging both to Libya and Brazil. Colonel Qadhafi's government has had problems in this area with the United States, France, England and the FRG, which are among the more traditional manufacturers of such equipment.

According to Armed Forces advisors, several weapons which are of interest to Libya, notably combat vehicles, torpedoes, rocket launchers, planes and ships, have gone into production in the Brazilian military industry in the period since the freeze began, over a year ago.

Now the Libyan Government is interested in purchasing a battleship, which could open new prospects for private shipyards and for the Marine Arsenal of Rio de Janeiro. In this, the Brazilian naval industry will have the support of Itamaraty, which, according to the same advisors, is receptive to negotiations with Tripoli.

The Bonn government cancelled negotiations for three destroyers which Libya had sought to purchase from the FRG. With regard to Brazilian war materiel,

starting in 1983, Libya was only receiving what had been covered in contracts already signed. According to Roberto Godoy, the weapons expert for O ESTADO E JORNAL DE TARDE, Libya's problems with the negotiations with the FRG could further contribute to increased negotiations with Brazil.

Even after the freeze had begun, Libya received the parts for the Cascavel-III combat vehicle, and later converted it into a more advanced model. In that period, business between the two countries reached \$150 million, including previously ordered replacement parts and air-ground missiles.

With the reopening of the Libyan weapons market, which may have been motivated by Libya's interest in battleships (which Brazilian builders are in a position to produce and have already begun to export--owing largely to the support of Minister Adelberto de Barros Nunes, who died last Sunday), the Brazilian military industry could consolidate its position on the country's export list. If the expressions of interest in ground, air and naval materiel are confirmed in the Middle East, our weapons industry would have no difficulty competing with the coffee industry, whose exports amounted to \$1.78 billion by August [1984] and should reach \$2.6 billion by December, according to CACEX [Foreign Trade Department of the Bank of Brazil].

The military industry may take the lead in exports in the next few years, for another reason: Saudi Arabia's interest in purchasing Brazilian arms. Sultan bin 'Abdal-Aziz, Saudi minister of defense and aviation, will arrive in Brazil within a few days and, as of last week, had already scheduled a meeting with at least one military minister.

6362

CSO: 3342/13

MONTORO SPOKESMAN DENIES ALLEGED FEAR OF 'SOCIAL EXPLOSION'

Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Sep 84 p 8

[Article by Clovis Rossi]

[Text] The government of the state of Sao Paulo has no knowledge of any plan for orchestrated strikes, combining the rural workers of the state (especially the sugarcane cutters) and the metalworkers of the state capital and elsewhere, a plan that could even affect the presidential succession itself.

The information is from a source high in the Sao Paulo state government and contradicts, to some extent, assertions made the day before yesterday to FOLHA DE SAO PAULO by the secretary of labor, Almir Pazzianoto Pinto, to the effect that the government is worried about a possible outbreak of new disturbances in the state, similar to those that occurred in the Guariba region last May.

What the government does admit is the explosive potential of the delicate economic situation of wage-earners in general, but especially of migrant farm workers who, with the ending of the sugarcane harvest, run the risk of remaining unemployed. In any event, the labor secretary exaggerated in estimating the number of workers that could be without work after the end of the cane harvest, in speaking of 300,000 persons, when the number of migrant farm workers throughout the state does not exceed 2,000. And a good part of them will continue working at full speed to the degree that this is the seasonal peak for crops other than sugarcane.

Mill Owners Alarmed

What probably led the labor secretary to become alarmed (he is traveling through southern Minas Gerais and cannot be located) was pressure from the owners of sugar mills, who have met twice with the state government and on both occasions clearly expressed fear of a new and more serious social explosion such as the one at Guariba. At one of the meetings, the mill owners even asked for protection, which was denied them by the state government on the basis of elementary reasoning: there are 120,000 farm workers in the Riberao Preto region--considered the hub of potential problems--and even with total mobilization the Military Police could not raise 5,000 men: "It would be conventional warfare," one state-government source says.

At the second meeting with state secretaries, the mill owners preferred to make requests of an economic nature, which are being studied but are not likely to be

granted. Partly because the Montoro government believes the sugarmill owners have a "surplus" (the expression is that of a state secretary) sufficient to make reasonable concessions to the workers and thus defuse the region's explosive potential.

In regard to the possibility of strikes in the countryside and in the city, mounted with influence from the Workers Party, the government has no knowledge of this either and in fact doubts its existence. In this regard, the president of the Sao Bernardo Metalworkers Union, Jair Memeghelli, laughed heartily when told about the possible strike and, of course, denied it categorically.

Moreover, some medium-sized companies in the Sao Bernardo do Campo region have formally promised to grant wage increases of 100 percent of the INPC [National Consumer Price Index] to all salary levels, which is the middle-of-the-road approach to defuse the possibility of a general strike in the metalworking sector for November.

In any event, the possibility exists, to the extent that Meneghelli asserts that his union will not accept less than 100 percent of the INPC for any salary level. "In this case, we're going for the whole thing," says the metalworkers leader. "It is a point of honor to fight against Law No 2065 or whatever other decree replaces it under the same conditions," asserts Meneghelli.

The metalworkers of the city of Sao Paulo will also fight for the same things, but there is no coordination between them and the metalworkers of Sao Bernardo, as there are clear political differences that separate them from each other (the former are associated with the National Coordination of the Working Classes and those of Sao Bernardo are affiliated with the Sole Central Organization of Workers [CUT]).

The war over wages could, of course, erupt into strikes, but from there to the perception of a coordinated plan for social chaos is a long distance. Unless the social question continues to be considered a case for the police, which is of no help whatever to the difficult birth of democracy in this country.

Rural Unemployment Not Likely to Worsen

[Article by Murilo de Carvalho]

Unemployment during the period between sugarcane harvests in the Sertaozinho and Riberao Preto region--main producing zone of the state of Sao Paulo--is not likely to be greater than in recent years and for the present there is no indication that a "social convulsion" or even a revolt similar to that in Guariba in the middle of May can occur. That is the assertion of businessman Maurilio Biagi Filho, managing superintendent of the Santa Elisa Mill of Sertaozinho, based upon the attitude the businessmen have found among the workers themselves after their real gains from the Guariba agreement.

Biagi believes that reports of such possible convulsions are due to misinterpretation of the initial meetings of the workers, even with Lula being present, in preparation for the collective bargaining that will take place in November.

"We don't expect there to be greater unemployment in the region this year, and much less that it could involve 350,000 workers. This has never happened, and the harvesting of the grains that are now being planted should make use of nearly all the local work force, except for a few migrants who return to their home regions after the harvest, mainly those who come from Minas Gerais but that throughout the state are not likely to exceed 60,000 squatters," says Biagi. Another factor leading him to believe that between-harvest unemployment will not be so great is the increasing production of oranges, the harvest of which should be very good this year and is likely to absorb more manpower than in previous years. Moreover, production of black beans and peanuts is increasing in the areas of sugarcane reform and there is already great utilization of organized floodplain development for planting rice.

Biagi says further that in several large sugarcane mills, such as Santa Elisa and Sao Martinho, for example, all the workers have been registered for at least 9 years and in the between-harvest period are shifted to growing grain, where last year it was necessary to hire more people than were used in the sugarcane harvest.

Biagi also asserts that the request made by the mill owners to the state government for exemption or postponement of the ICM [Merchandise Turnover Tax] on the sugarcane to be harvested over and above the initial quotas set by the IAA [Sugar and Alcohol Institute] cannot be characterized as any kind of pressure, as it is a subject of interest also to the government itself because if the cane is not harvested there will be nothing to tax. "As a matter of fact, we are requesting a deferment of the ICM so that we can have more money on hand and can put more of it into growing foodstuffs. And Governor Montoro himself said that he considers it a reasonable request," says Biagi. And he concludes: "What is also happening is that this amount of sugarcane over and above the quotas for production of alcohol will be processed entirely by and at the risk of the producers, as the IAA, in the certificate of provisional release, asserts that it is not giving any guarantee that it will buy the output. And this is the reason for the request, which certainly cannot be called pressure."

After Guariba, New Collective Bargaining

The major demands of the sugarcane workers that were mobilized in Guariba and that were eventually granted are likely to serve as the basis for the new collective bargaining in November. On the occasion the workers brought about the end of the system of cutting seven rows, received an increase of 270 percent over the prices paid during the 1983 harvest, and received assurances that clothing and tools would be furnished by the mills.

They are now requesting for the first time establishment of a wage floor at about 300,000 cruzeiros, besides a wage increase of 10 percent more than the increase in the INPC. In early discussions the employers are offering a floor of only 200,000 cruzeiros and have not expressed themselves about an increase greater than that of the INPC.

In any event, it is important to recall that several large mills are paying 20 percent more than the agreement of Guariba itself and that a survey made in the Santa Elisa Sugarmill indicates that the average salary for cane cutters--including

women and children--is about 320,000 cruzeiros, which after the 1st of November should go to nearly 500,000 cruzeiros. For the workers in the industrial area averages are already 480,000 cruzeiros and should rise to about 900,000 cruzeiros in November.

Another interesting fact observed in the current cropyear by several mills and confirmed by Maurilio Biagi Filho of Santa Elisa was the real increase in productivity obtained by the workers after the Guariba agreement and adoption of the system of cutting five rows. Which shows that the workers were correct in making this demand.

Union Activity Not Indicative of Confrontation

[Article by Ricardo Moraes, assistant business editor of FOLHA DE SAO PAULO]

There is no justification for fearing that union activity will erupt into a social explosion in Sao Paulo in coming months. Unless it is desired to treat labor relations as a case for the police. At the end of every year, at least since 1978, there is a possibility of strikes in the metalworking companies and perhaps in the largest chemical and textile industrial firms, simply to mention the sectors with the most workers. This year particularly there are greater chances than in previous years for relatively peaceful negotiations between employers and workers. Industrial production has risen and productivity has increased, according to data of the Sao Paulo State Federation of Industries (FIESP), the entity that negotiates for the employers' side with the labor unions.

Several companies, since November of last year, have been granting increases greater than those stipulated in Decree-Law No. 2065 and salary advances that in practice signify quarterly raises. Essentially, these are the demands of the unions that are renewing their collective-bargaining contracts during the next quarter. The most important negotiation of the coming period is that involving almost half a million metalworkers of Sao Paulo, Osasco and Guarulhos. Since July these three locals have been conducting company-by-company strikes, in all of them demanding increases above those stipulated in Decree-Law No. 2065 and every 3 months. A general strike by the metalworkers is possible should there not be an agreement with the employers.

This is all considered quite normal by the leaders of Sao Paulo industry, who have been accustomed to negotiate with minimally organized groups of workers. To consider the PT [Workers Party], moreover, responsible for mounting a strike capable of creating a social explosion at the end of this year is, at the least, a demonstration of ignorance about the labor-union picture, as the major negotiations at the end of this year do not involve mainly the PT. The metalworkers of the city of Sao Paulo are led by Joaquim dos Santos Andrade and by union leaders influenced by the Brazilian Communist Party (PCB). The labor leaders most influenced by the PT, such as those leading the metalworkers of Sao Bernardo and of Sao Jose dos Campos, are smaller in scale, although they also are campaigning for quarterly raises and hope to achieve their demands as early as October, when the semiannual wage increase for the industry takes place, as their base date is 1 April.

It is only necessary to converse with any specialist in human resources at one of the large ABC [referring to industrial sections of Santo Andre, Sao Bernardo do Campo and Sao Caetano do Sul] metalworking companies to know that this is not a matter of a social explosion, but rather of negotiations by organized labor unions with employers already accustomed to this, including in their countries of origin, as most of them are multinational companies. The greatest risk for the democratic transition is to consider the participation of the workers in the struggle for their rights as an obstacle to and not as a consequence of the process. The more the democracy, the more the participation of the workers.

8834

CSO: 3342/15

EMFA HEAD NOTES MILITARY ADHERENCE TO FIGUEIREDO'S GOALS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Sep 84 p 4

[Report on interview with Air Force Gen Waldir Vasconcelos, minister-chief of the Armed Forces General Staff [EMFA], in Rio de Janeiro on 29 September: "Waldir Says Military Guarantee Normalcy"; name of interviewer not given]

[Text] Rio de Janeiro--"The Armed Forces are the guarantors of political normalcy, the objective of the president of the republic, and the military institutions are in complete agreement with him," Air Force Gen Waldir Vasconcelos, minister-chief of the Armed Forces General Staff, said yesterday, reaffirming his confidence in the predominance of the democratic regime in Brazil. He spoke exclusively with O ESTADO DE SAO PAULO in the Aeronautics Club of Rio de Janeiro.

The EMFA minister asserted that there was an imprecise interpretation of the recent statements of the military ministers, in responding to questions about statements by Gen Walter Pires and Air Force Gen Delio Jardim de Mattos.

"They try to put them in the position of men of the barracks when they are really military officers who occupy political posts. The man of the barracks cannot and should not speak about the political situation, because military regulations prohibit this. But the military minister is, before everything else, a political figure and thus a political aide of the president of the republic," Waldir Vasconcelos added.

The air force general defended the right of the military ministers, as direct assistants of the president of the republic, to free expression of their thoughts, a position he had taken at the beginning of the year in the same Aeronautics Club. He supports free expression of thoughts in general, on democratic terms, disciplined by the laws and regulations of the nation.

"The military ministers are commanders of their forces, but they also exercise political functions, which assures them the right of speaking as does any other political person," said the EMFA minister, stressing the harmony that exists among the military ministers in support of the president.

He supports the principle that the president of the republic, as the nation's highest civil and military authority, must be respected and is in agreement with the viewpoint of the other ministers that tranquility must be maintained and the political process developed at a high level.

Ari Force Gen Waldir Vasconcelos, who has made an appeal for national reconciliation, is solidly behind the other military ministers in regard to the criticism and retaliations in the political area and support for the liberalization process, as it was defined, with provision for gradual consolidation of normalcy.

Confidence

During the interview at the Aeronautics Club, Gen Waldir reaffirmed what he had said in a conference at the War College: "We must combine imagination, work and determination, we must prepare for the resumption of growth and we must return to Brazilians of all classes and activities confidence and security in Brazil."

According to him, "it is not poverty that men fear; what they fear is the lack of a prospect for improving life." The EMFA minister assumes a positive and optimistic position in regard to the Brazilian crisis.

"For some time we have been living through a widespread crisis that affects the social structure, the economic structure and the political structure. And there is no way to deny the existence of this crisis, nor any reason to try to cover it up. Being in a crisis, however, is no reason to adopt a negative position, if only because crises always emerge as a consequence of a process of growth and only one who assumes a static and unrealistic position lives the gray existence of a world without crises."

Waldir Vasconcelos has the recipe for solving the Brazilian crisis: instead of defeatist attitudes, take courageous positions; instead of trying not to see crises, face them squarely, causing the process to reverse, because this, according to him, is part of the dynamics of success. Rather than becoming discouraged, maintain confidence, overcome obstacles, believe in the nation's possibilities, set an example.

The minister-chief of the EMFA reaffirmed a passage from the speech he made at the War College: "Brazil--as any other country, including the most powerful, rich and influential--during its existence has gone through phases as difficult as the one we are now in. Even worse. But the biggest ills are those that afflict us at present. The old troubles are forgotten."

Moderation

Gen Waldir Vasconcelos, perhaps because of his political sensitivity and shrewdness, has been called the most "Mineiro" [a person from Minas Gerais] of the military ministers, if only because, in fact, he is the only one that was born in Minas Gerais. Since the beginning of the 1964 Movement, he has taken moderate but very firm positions, and has been mentioned as one of those in the military who always support the original positions of the March Revolution, never taking advantage of position to make personal profit.

He has a diversified education, and this permitted him to make a significant contribution to legislation about university reform, after participating in the commission created in the Costa e Silva government to study the crisis of the Brazilian university (not the present one, of course, but the one of that time).

Because of his experience on that commission, along with his support for increasing the domestic content of military materiel--by private initiative, not by state enterprises--the air force general gives priority to supporting Brazilian education. He cites the example of the aerospace industry, which has now transformed the nation from dependency to being an exporter of equipment such as aircraft, rockets, communications supplies, flight safety instruments and ammunition. He feels the Brazilian aerospace industry should serve as an example because it was based upon education, on creation of a critical mass of Brazilian brainpower and upon strengthening domestic private initiative.

8834

CSO: 3342/15

EMFA HEAD ADDRESSES DEMOGRAPHIC PROBLEM IN SAO PAULO SPEECH

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Oct 84 p 36

[Text] The minister-chief of the Armed Forces General Staff [EMFA], Waldir Vasconcelos, in speaking about "the Brazilian Demographic Problem" yesterday before a group of businessmen at the Sao Paulo Entrepreneurial Center, asserted that "there has never been a national awareness in this country" about population growth. He showed a number of charts and projected many slides of needy families who live in shacks and for each one he said: "The government was never there."

According to the minister, who claims not to be speaking about "birth control," but rather about "family planning," the Brazilian economic model "has nothing to do with the miserable living conditions of a great part of the population." Although he agrees that the minimum wage is not sufficient for subsistence, he thinks it is likely to reduce the production of children. "The two things are concomitants." Within the family planning he advocates, Waldir Vasconcelos stresses as the main point "advice for couples that are at the reproducing age." He also contends that education should not enter this process. "Education is something you give to children."

The EMFA chief is said to have been engrossed in this problem since 1954, when, while still a captain, he went to work in Recife, where he came face-to-face with the still harsher reality of the Northeast population's poverty. But it was only last year that the government resolved to become aroused about the problem, after President Figueiredo brought up the subject of population increase in a message sent to Congress on 1 March. The Senate set up a CPI [Congressional Investigating Committee] the following month and some senators met and proposed legislative measures to confront the problem. At present, according to the minister, there are two decrees being drafted by the president's staff and several ministries involved in the subject are being asked for suggestions; one establishes a national demographic policy; the other sets up a national commission for demographic affairs. "The latter is making progress and I believe that by the end of next month the decree will have been signed by the president and published in the DIARIO OFICIAL."

Social Peace

During his speech, Waldir Vasconcelos said that the objective of social peace is jeopardized by the difficulty of reconciling the level of extreme wealth with

that of extreme poverty. "Customs are denigrated. There is no tradition or respect for anything," he added. Even democracy itself is jeopardized, according to the minister, by the state of malnutrition of millions of Brazilians, since this is a "regime of equality and opportunity for all; an increase in popular representation." Quoting statistics, he said that from 1964 until now--"20 years of revolution"--the population increased by 54 million inhabitants. "But during this period Brazil had considerable economic growth. No other country in the world grew so much: 1630 percent." Meanwhile, social problems also grew and Brazil now holds the unevitable title of having the world's highest rate of infant mortality: 96 per 1,000. Those who manage to survive, according to the minister, are forming "a generation of inferior beings."

8834

CSO: 3342/15

THIRD POLL CONFIRMS LARGE VOTER PREFERENCE FOR NEVES

Sao Paulo GAZETA MERCANTIL in Portuguese 22-24 Sep 84 Special Supplement pp 1-4

[Text] The first observation that leaps to the eye in reading the results of this third survey that the IBOPE [Brazilian Public Opinion and Statistics Institute] has made for the GAZETA MERCANTIL, ISTOE magazine and the Bandeirantes Television Network is the stability of the Brazilian political process as seen by public opinion. Conducted from 12 through 16 September in the the nation's seven major metropolitan regions--Sao Paulo, Rio de Janeiro, Porto Alegre, Belo Horizonte, Curitiba, Salvador and Recife--this third round reaffirms essentially the same percentages obtained 30 and 15 days previously--the latter with a smaller universe, covering only the two main metropolitan regions, Sao Paulo and Rio de Janeiro.

That is to say, public opinion is polarized between the two candidates for president of the republic in the electoral college and the overwhelming preference of the electorate is for Tancredo Neves: now 63.2 percent compared to 19.5 percent for Paulo Maluf and 17.2 percent for not knowing or having no opinion. (The first survey showed 63.3 percent versus 21.1 percent and the second, 58.3 percent compared with 21.4 percent; the difference between the universes surveyed makes the apparent percentage variation irrelevant due to the probability of error in each of them.)

This repetition of the results may be indicative that for the public, many of whom marched in the campaign for rights, the question of the electoral college has faded into the background, which is also indicated by the rising rate of confidence in the indirect victory of Tancredo Neves: this time 56.9 percent compared to 34.7 percent, closer to the percentage of popular preference, in contrast with the previous results (the first survey gave 46.0 percent to Tancredo and 45.0 percent to Maluf and the second, 49.4 percent, compared with 40.4 percent).

The population, then, is identified with the candidates, conferring or denying legitimacy and credibility. In this case also Tancredo Neves has a clear advantage: his averages in relation to the levels of competence to solve problems such as the foreign debt, unemployment, inflation, wage policy, social security, crime and the BNH [National Housing Bank] are always higher than those of his opponent and, conversely, his rates of rejection are much lower. (Although not published in this supplement, such questions were included in the survey.)

A escolha dos entrevistados (1)

	São Paulo			Rio de Janeiro		
	Há 30 dias/ (2)	Há 15 dias/ (3)	Hoje (4)	Há 30 dias/ (2)	Há 15 dias/ (3)	Hoje (4)
Paulo Maluf	25.7	24.3	30.0	18.0	17.3	11.7
Tancredo Neves	54.3	49.3	48.3	70.0	71.0	70.7
Outras respostas (5)	20.0	26.4	21.7	12.0	11.7	17.6

Key:

1. The choice of those interviewed
2. 30 days ago
3. 15 days ago
4. Today
5. Other answers
6. The favorite in the Electoral College

O favorito no Colégio (6)

	São Paulo			Rio de Janeiro		
	Há 30 dias/ (2)	Há 15 dias/ (3)	Hoje (4)	Há 30 dias/ (2)	Há 15 dias/ (3)	Hoje (4)
Paulo Maluf	45.0	44.0	43.7	34.3	35.3	32.0
Tancredo Neves	46.0	44.7	46.0	57.7	56.0	60.0
Outras respostas (5)	9.0	11.3	10.3	8.0	8.7	8.0

The presidential succession and political question is the one that arouses public opinion the most. Which can be proven, among other things, approaching two results: one, the concern about the possibility of a political retrogression, a new datum in the survey, which reached 14.2 percentage points, just below the two other things that most worry the inhabitants of the large metropolitan areas: safety (fear of assault, 37.0 percent) and work (fear of unemployment, 34.0 percent). The other, the contrast between the high percentage of persons (45.1 percent) who do not know or cannot recall whom they would like to see directing the nation's economic policy in the next government and the extreme fragmentation of the nominal preferences (except for Tancredo himself, who received 12.9 percentage points, no technocrat or politician among 33 mentioned received more than 3.1 percent). Which reveals: either the population considers this an untimely, premature question or contends that untying the political knot precedes resolution of the economic question.

The stability of these indices is reconfirmed by comparing the results of Sao Paulo and Rio de Janeiro, the only ones to be included in all three surveys. And Sao Paulo is where the polarization is greatest, with Tancredo's candidacy also being harassed from the Left (about 20 percentage points of rejection of the two candidates, 19.0 percent obtained by Lula in the third, etc.). But here too the comparison emphasizes the Maluf disadvantage: even where his rating is the highest, which is in his own electoral base, he loses to Tancredo, whose preference in Minas Gerais is devastating.

Excessive Presence of State

For almost 45 percent of the persons interviewed by IBOPE for GAZETA MERCANTIL, ISTOE magazine and the Bandeirantes Network, the state's current level of intervention in the economy is too high. This opinion was expressed more by women,

(6) RESP.	TOTAL	SEXO (7)		IDADE (8)					CLASSE ABA/ABIPEME (9)			
		M	F	18-24	25-29	30-39	40-49	50 E +	A	B	C	D/E
1	44.4	43.8	45.1	34.7	43.6	51.3	54.6	42.3	38.8	47.4	45.1	42.9
2	17.6	19.0	16.1	21.5	14.8	15.0	15.0	19.9	20.9	14.5	19.1	16.0
3	13.1	14.0	12.1	17.2	11.6	11.5	11.0	12.1	17.0	15.4	12.3	10.3
4	15.2	16.8	13.6	19.8	17.3	14.0	10.1	12.3	19.2	17.1	13.7	14.3
5	9.7	6.4	13.2	7.0	12.6	8.2	9.3	13.4	4.2	5.7	9.9	16.5

1 - ALTO DEMAIS (1)

2 - ALTO (2)

3 - RAZOÁVEL (3)

4 - ABAIXO DO QUE DEVERIA SER (4)

5 - NÃO SABE/NÃO OPINOU (5)

(10)

(6)	(11)	(12)	(13)	REGIÕES (14)	(15)	(16)	(17)
RESP.	GDE. SP	GDE. RJ	GDE. PA	GDE. BH	GDE. CTBA	SALV.	GDE. REC
1	48.7	44.3	39.5	28.0	37.5	50.5	46.5
2	20.3	11.0	25.5	16.5	17.0	17.5	22.0
3	9.0	13.3	21.0	17.0	24.0	11.5	15.5
4	10.7	23.0	9.5	19.0	13.5	17.0	11.0
5	11.3	8.3	4.5	19.5	8.0	3.5	5.0

1 - ALTO DEMAIS (1)

2 - ALTO (2)

3 - RAZOÁVEL (3)

4 - ABAIXO DO QUE DEVERIA SER (4)

5 - NÃO SABE/NÃO OPINOU (5)

How Do You Classify the Level of the State's Intervention in the Economy Today?

Key:

- | | |
|-----------------------------|----------------------------|
| 1. Too high | 10. Regions |
| 2. High | 11. Greater Sao Paulo |
| 3. Moderate | 12. Greater Rio de Janeiro |
| 4. Lower than it should be | 13. Greater Porto Alegre |
| 5. Do not know/No opinion | 14. Greater Belo Horizonte |
| 6. Answer | 15. Greater Curitiba |
| 7. Sex | 16. Salvador |
| 8. Age | 17. Greater Recife |
| 9. ABA/ABIPEME Income Class | |

while older men (50 years and over) preferred to define it as "high" and the youngest (18 to 24 years of age) chose the most drastic definition, considering the level of intervention to be "lower than it should be."

The survey was made between 12 and 16 of this month and covered a universe of 1,600 persons in 7 major regions of the country. The greatest concentration of replies following the "too high" definition came from the Bahians [Salvador] (50.5 percent), followed by the Paulistas [Sao Paulo] (48.7 percent), Pernambucans [Recife] (46.5 percent), Cariocas [Rio de Janeiro] and Gauchos [Porto Alegre]. It was in Salvador also that the lowest percentage (3.5 percent) was recorded of persons who said they did not know or did not wish to express an opinion on the matter, while the highest number of undecided replies was in Belo Horizonte (19.5 percent).

Expressing more moderation, the persons of Curitiba headed the list of replies that classify the level of state intervention in the economy as "moderate."

The persons in Classes A and B were also inclined toward this answer, while those in Classes D and E were the least aware of activities in this area, pushing upward the percentage of "do not know/no opinion" answers.

Of those who consider this level "too high," the more prominent were persons between 30 and 49 years of age and those in Classes B and C. Young people who believe that the state's participation in the economy is "lower than it should be" are mostly in the wealthiest portion of society (Class A), followed by the middle class (Class B), and are between 19 and 29 years of age.

Over 1,600 Voters Interviewed

This third round of the survey again covers more territory, similar to the first (conducted between 15 and 20 August and published in the GAZETA MERCANTIL on 27 August) and unlike the second, whose data collected among 600 persons in the Sao Paulo-Rio axis were published on 7 September and referred to surveys made 30 August through 3 September.

Now, the universe surveyed between 12 and 16 September is much more significant, encompassing 1,600 interviewees, distributed among the nation's seven principal metropolitan regions, of which 68.84 percent are voters residing in Greater Sao Paulo (40.21 percent) and in Greater Rio (28.63 percent). The representativeness of the electorate in the areas surveyed was assured by assigning proportional shares as a function of significant variables, calculated on the basis of data from the TRE [Regional Electoral Court] (sex) and the FIBGE [Brazilian Institute of Geography and Statistics] (age group).

In the sample, there is a slight predominance of the male sex (51.2 percent) and a preponderant representation of the younger population (44.1 percent between the ages of 18 and 29 years), with 27 percent of those interviewed being between 18 and 24 years of age. In the criterion of class, the middle classes (B and C) represent the majority of those interviewed, with about 67.5 percent of the participation, compared with 11.2 percent from Class A and 21.3 percent from Classes D and E.

Little Interest in Economics

For over 45 percent of the persons the question about whom they would like to see directing the nation's economic policy in the next administration seems not to have the least importance, although the list of those preferred is headed by former governor Tancredo Neves, with 12.9 percent of the votes. His opponent, Paulo Maluf, is in fifth place, with 2.1 percent of the preferences, after--in order--Leonel Brizola, Aureliano Chaves and Mario Henrique Simonsen. Businessman Olavo Setubal comes right after Maluf, followed closely by economist Celso Furtado and by former social security minister Helio Beltrao, although with twice the preference (1.8 percent) for the president of the PT [Workers Party], Luis Inacio Lula da Silva, who is in a tie with Interior Minister Mario Andreazza. The region that would most like to see Tancredo in command of the nation's economy is Salvador, where he has a lead of about 16 percentage points over Aureliano Chaves, the second-highest votegetter, and 17 points over Maluf, who comes in third.

Perfil do entrevistado

RESP.	TOTAL	SEXO (1)		IDADE (2)					CLASSE ABA/ABIPEME (3)			
		M	F	18-24	25-29	30-39	40-49	50 E +	A	B	C	D/E
1	100,0	51,2	48,8	27,0	17,1	22,9	15,5	17,5	11,2	22,6	44,9	21,3

1 — TOTAL DA AMOSTRA (4)

Perfil do entrevistado

RESP.	(5)						
	(6)	(7)	(8) REGIÕES	(9)	(10)	(11)	(12)
	GDE. SP	GDE. RJ	GDE. PA	GDE. BH	GDE. CTBA	SALV.	GDE. REC
1	40,2	28,6	7,8	8,1	5,0	4,1	6,1

1 — TOTAL DA AMOSTRA (4)

Profile of Those Interviewed

Key:

- | | |
|----------------------|---------------------------|
| 1. Sex | 7. Greater Rio de Janeiro |
| 2. Age | 8. Greater Porto Alegre |
| 3. ABA/ABIPEME Class | 9. Greater Belo Horizonte |
| 4. Total sample | 10. Greater Curitiba |
| 5. Regions | 11. Salvador |
| 6. Greater Sao Paulo | 12. Greater Recife |

Political Retrogression Feared

Loss of employment heads the list of replies to a new item introduced in this survey which refers to the possible event by which persons feel most threatened at present. Next comes fear of assault, with a significant predominance of women and older persons over youth, although the 18-to-24-year age bracket, curiously, is much more concerned than those between 25 and 29 years of age. But what seems most significant is the fear persons have of there being a political retrogression, which appears in third place and far ahead of other concerns such as pollution (of air, water and food) or the fear of being injured in a traffic accident. Political retrogression is most feared in Porto Alegre, followed very closely by Curitiba and then by Belo Horizonte, Rio de Janeiro and Sao Paulo. Those that feel most threatened by assault are the residents of Salvador, Greater Recife, Sao Paulo and Rio de Janeiro. And, of course, the richer the person the greater the fear of assault, with the same descending scale maintained for the question of political retrogression.

Tancredo Dominates With 63.2 Percent

If the people's will were to prevail in choosing the next president of Brazil, former governor Tancredo Neves would be elected with an advantage of 63.2 percent over Paulo Maluf (19.6 percent), distancing himself by far from the second candidate in all regions--with the exception only of Sao Paulo, where they are closest, with 48.3 percent and 30.0 percent respectively of the preferences. The youngest (18 to 24 years of age) are those who would most like to see Tancredo as president,

(1)		(2)						
RESP	TOTAL	(3)	(4)	(5)	REGIÕES (6)	(7)	Salvador	(8)
		GDE. SP	GDE. RJ	GDE. PA	GDE. BH	GDE. CTBA		GDE. REC
1	12.9	5.7	16.7	19.5	23.5	19.5	21.0	10.0
2	3.1	2.7	2.3	1.0	9.0	5.5	5.0	1.0
3	3.5	1.7	5.0	15.5	1.0	—	2.0	0.5
4	2.4	2.0	3.3	1.0	3.5	0.5	1.5	3.5
5	2.1	3.7	0.3	2.0	—	4.5	4.0	0.5
6	1.5	1.7	1.7	—	1.5	—	0.5	3.0
7	0.6	0.3	0.3	—	—	—	8.5	—
8	0.9	1.3	—	—	0.5	1.5	4.5	0.5
9	1.8	4.0	0.3	0.5	1.0	0.5	—	—
10	1.1	1.7	1.0	—	—	1.5	0.5	0.5
11	0.9	1.7	—	—	1.5	—	2.0	—
12	0.4	—	—	—	—	—	—	6.0
13	0.8	1.0	0.7	—	1.0	0.5	0.5	1.0
14	0.5	0.3	—	5.0	—	—	—	—
15	0.4	—	—	5.0	—	—	—	—
16	0.5	0.7	—	2.0	—	—	1.0	0.5
17	0.8	1.7	—	—	0.5	0.5	0.5	—
18	0.9	2.0	—	0.5	—	0.5	—	—
19	0.5	1.0	—	—	0.5	—	0.5	1.0
20	0.2	—	—	—	—	3.5	—	—
21	0.4	0.7	—	1.0	—	1.5	—	—
22	0.1	—	—	—	—	—	3.0	—
23	0.4	0.3	0.7	—	—	0.5	—	0.5
24	0.2	—	—	2.5	—	—	—	—
25	0.7	1.7	—	—	—	—	—	—
26	0.3	0.3	0.3	0.5	—	—	0.5	—
27	0.3	0.7	—	—	0.5	—	0.5	—
28	0.5	1.3	—	—	—	—	—	—
29	0.5	1.3	—	—	—	—	—	—
30	0.1	—	—	—	—	—	—	2.0
31	0.1	—	—	—	—	1.5	—	—
32	4.2	5.0	2.0	10.0	4.5	2.0	7.0	1.5
33	0.8	—	2.7	—	—	—	—	—
34	8.6	9.0	15.0	5.5	—	2.5	2.0	0.5
35	45.1	44.0	46.7	26.5	51.5	50.0	31.0	65.0
36	2.0	2.7	1.0	2.0	—	3.5	4.0	2.5

Key:

1. Answer
2. Regions
3. Greater Sao Paulo
4. Greater Rio de Janeiro
5. Greater Porto Alegre
6. Greater Belo Horizonte
7. Greater Curitiba
8. Greater Recife
9. Other
10. Anyone other than Delfim Neto
11. No one
12. Don't know/can't recall
13. No opinion

- | | |
|------------------------------|---------------------------------|
| 1 — TANCREDO NEVES | 19 — DELFIM NETTO |
| 2 — AURELIANO CHAVES | 20 — JOSÉ RICHÁ |
| 3 — LEONEL BRIZOLA | 21 — ESPIRIDÃO AMIM |
| 4 — MARIO HENRIQUE SIMONSEN | 22 — ROBERTO SANTOS |
| 5 — PAULO MALUF | 23 — CARLOS RICHBIETTER |
| 6 — CELSO FURTADO | 24 — PEDRO SIMON |
| 7 — ANTONIO CARLOS MAGALHÃES | 25 — JOELMIR BETING |
| 8 — MARIO ANDREAZZA | 26 — NELSON MARCHEZAN |
| 9 — OLAVO SETÚBAL | 27 — MARIA DA CONCEIÇÃO TAVARES |
| 10 — HELIO BELTRÃO | 28 — MARIO COVAS |
| 11 — LULA | 29 — FERNANDO HENRIQUE CARDOSO |
| 12 — ROBERTO MAGALHÃES | 30 — MARCO MACIEL |
| 13 — ERMIRIO DE MORAES | 31 — PAULO PIMENTEL |
| 14 — JAIR SOARES | 32 — OUTROS (9) |
| 15 — PAULO BROSSARD | 33 — MENOS O DELFIM (10) |
| 16 — ULYSSES GUIMARÃES | 34 — NENHUM (11) |
| 17 — FRANCO MONTORO | 35 — NÃO SABE/NÃO LEMBRA (12) |
| 18 — JÂNIO QUADROS | 36 — NÃO OPINOU (13) |

1. Whom Would You Like to See Directing the Nation's Economic Policy in the Next Administration?

with 64.8 percent of the preferences, falling behind only the voters between 40 and 49 years of age, who assure him an advantage of 69.1 percent, while the preference of women for the former governor of Minas Gerais is slightly less than that expressed by the males interviewed. The middle class (Class C) and the poorest (Classes D and E) are those that most prefer Maluf for president, whereas Class C shows a greater preference for Tancredo and it is Class A that has the greatest proportion of those abstaining from voting, along with the women.

(17) RESP.	TOTAL	SEXO (18)		IDADE (19)					CLASSE ABA/ABIPEME (20)			
		M	F	18-24	25-29	30-39	40-49	50 E +	A	B	C	D/E
1	34.0	34.1	33.9	40.6	42.1	37.2	26.3	19.9	15.2	28.4	36.3	45.3
2	37.0	32.1	42.2	30.1	29.6	33.7	43.4	53.7	41.2	40.4	35.8	33.9
3	1.2	1.3	1.0	1.9	1.1	0.4	1.1	1.3	0.0	0.9	1.2	2.0
4	8.5	8.3	9.0	10.2	9.7	8.1	6.9	7.6	11.8	10.3	8.2	6.1
5	14.2	18.9	9.3	12.7	14.6	15.1	17.5	12.2	26.2	17.5	12.9	7.2
6	4.2	4.8	3.6	3.6	2.6	5.2	3.9	6.0	4.5	2.4	4.7	5.1
7	0.6	0.5	0.8	0.9	0.4	0.4	0.9	0.5	1.0	0.0	0.9	0.5

- 1 - PERDA DO EMPREGO (1)
2 - ASSALTO (2)
3 - ACIDENTE DE TRANSITO (3)
4 - POLUIÇÃO DO AR, DA ÁGUA E DOS ALIMENTOS (4)
5 - RETROCESSO POLÍTICO (5)
6 - OUTRA RESPOSTA (6)
7 - NÃO SABE/NÃO OPINOU (7)

(8)							
(9) RESP.	(10) GDE SP	(11) GDE RJ	(12) GDE PA	(13) GDE BH	(14) GDE CTBA	(15) SALV.	(16) GDE REC
1	30.0	34.0	30.5	46.0	42.5	39.5	39.0
2	41.0	40.3	25.0	23.0	21.0	42.5	39.0
3	1.0	0.7	1.0	1.5	4.0	3.0	1.0
4	7.3	7.7	18.5	10.0	15.0	4.0	5.5
5	13.3	14.0	21.0	14.0	16.0	10.0	14.0
6	7.3	2.0	3.0	4.0	1.5	0.5	1.0
7	0.0	1.3	1.0	1.5	0.0	0.5	0.5

- 1 - PERDA DO EMPREGO (1)
2 - ASSALTO (2)
3 - ACIDENTE DE TRÂNSITO (3)
4 - POLUIÇÃO DO AR, DA ÁGUA E DOS ALIMENTOS (4)
5 - RETROCESSO POLÍTICO (5)
6 - OUTRA RESPOSTA (6)
7 - NÃO SABE/NÃO OPINOU (7)

2. By Which of These Possible Events Do You Feel Most Threatened at Present?

Key:

- | | |
|-------------------------------------|----------------------------|
| 1. Loss of employment | 11. Greater Rio de Janeiro |
| 2. Assault | 12. Greater Porto Alegre |
| 3. Traffic accident | 13. Greater Belo Horizonte |
| 4. Pollution of air, water and food | 14. Greater Curitiba |
| 5. Political retrogression | 15. Salvador |
| 6. Other answer | 16. Greater Recife |
| 7. Don't know/no opinion | 17. Answer |
| 8. Regions | 18. Sex |
| 9. Answer | 19. Age |
| 10. Greater Sao Paulo | 20. ABA/ABIPEME Class |

In Electoral College, Still Tancredo

Judging by the preference of those interviewed by the IBOPE for the GAZETA MERCANTIL, ISTOE magazine and the Bandeirantes Network, former governor Tancredo Neves will be the candidate elected by the Electoral College in January 1985, with an advantage of 56.9 percent over his opponent, Paulo Maluf (34.7 percent). In the analysis made by region, Tancredo wins with an overwhelming majority in Greater Belo Horizonte, leading Maluf by about 65 percentage points. In Sao Paulo, Maluf loses by a margin of only 2 percentage points and has his greatest

(1) RESP.	TOTAL	SEXO (2)		IDADE (3)					CLASSE ABA/ABIPEME (4)			
		M	F	18-24	25-29	30-39	40-49	50 E +	A	B	C	D/E
1	19.6	19.1	20.1	19.1	25.8	19.4	18.4	15.6	21.2	24.0	15.3	23.1
2	63.2	64.7	61.6	64.8	59.0	59.6	69.1	64.4	58.5	60.0	67.2	60.6
3	17.2	16.1	18.4	16.1	15.3	21.0	12.6	20.0	20.3	16.0	17.5	16.3

1 — PAULO MALUF

2 — TANCREDO NEVES

3 — OUTRAS RESPOSTAS/NÃO SABE/NÃO OPINOU (5)

(6)

(1)	(7)	(8)	(9)	REGIÕES (10)	(11)	(12)	(13)
RESP.	GDE. SP	GDE. RJ	GDE. PA	GDE. BH	GDE. CTBA	SALV.	GDE. REC
1	30.0	11.7	13.5	7.5	22.0	14.0	13.5
2	48.3	70.7	72.5	84.5	63.0	74.5	78.5
3	21.7	17.7	14.0	8.0	15.0	11.5	8.0

1 — PAULO MALUF

2 — TANCREDO NEVES

3 — OUTRAS RESPOSTAS/NÃO SABE/NÃO OPINOU (5)

3. Which of These Candidates Do You Prefer to Be Chosen as President of Brazil?

(1) RESP.	TOTAL	SEXO (2)		IDADE (3)					CLASSE ABA/ABIPEME (4)			
		M	F	18-24	25-29	30-39	40-49	50 E +	A	B	C	D/E
1	34.7	33.6	35.9	40.5	38.1	34.6	30.2	26.6	39.5	42.8	31.0	31.3
2	56.9	60.4	53.3	52.6	54.2	58.8	60.2	61.0	57.2	52.5	59.8	55.6
3	8.4	6.1	10.8	6.9	7.7	6.6	9.6	12.4	3.3	4.7	9.2	13.1

1 — PAULO MALUF

2 — TANCREDO NEVES

3 — OUTRAS RESPOSTAS/NÃO SABE/NÃO OPINOU (5)

(6)

(1)	(7)	(8)	(9)	REGIÕES (10)	(11)	(12)	(13)
RESP.	GDE. SP	GDE. RJ	GDE. PA	GDE. BH	GDE. CTBA	SALV.	GDE. REC
1	43.7	32.0	34.0	14.5	35.5	22.5	23.5
2	46.0	60.0	62.5	79.5	58.0	70.0	68.0
3	10.3	8.0	3.5	6.0	6.5	7.5	8.5

1 — PAULO MALUF

2 — TANCREDO NEVES

3 — OUTRAS RESPOSTAS/NÃO SABE/NÃO OPINOU (5)

4. Which of the Two Candidates for President of the Republic Do You Think Will Be Chosen By the Electoral College on 15 January 1985?

Key to both of above charts:

- | | |
|--|----------------------------|
| 1. Answer | 7. Greater Sao Paulo |
| 2. Sex | 8. Greater Rio de Janeiro |
| 3. Age | 9. Greater Porto Alegre |
| 4. ABA/ABIPEME Class | 10. Greater Belo Horizonte |
| 5. Other answers/don't know/
no opinion | 11. Greater Curitiba |
| 6. Regions | 12. Salvador |
| | 13. Greater Recife |

support from Classes B and A, while Tancredo is the winner in all socio-economic classes, with greatest predominance in Classes C and A. In the classification by sex, it is the male voters (60.4 percent) who believe more in Tancredo's chances for victory, while the women (35.9 percent) show greater confidence in Maluf's candidacy.

(7) RESP.	TOTAL	SEXO (8)		IDADE (9)					CLASSE ABA/ABIPEME (10)			
		M	F	18-24	25-29	30-39	40-49	50 E +	A	B	C	D/E
1	3.8	4.2	3.5	2.2	5.0	5.3	4.1	3.1	4.1	5.5	3.1	3.5
2	19.0	19.5	18.5	17.2	19.6	21.2	18.8	18.8	22.5	20.2	16.7	21.0
3	31.5	31.9	31.0	31.0	33.1	32.5	28.8	31.7	31.3	27.9	34.5	28.8
4	24.8	23.7	25.9	24.6	21.6	23.7	27.9	26.8	22.0	27.3	25.2	22.8
5	15.4	15.7	15.1	19.8	15.8	13.7	15.1	10.4	16.6	17.5	15.6	11.9
6	5.5	5.0	6.0	5.2	4.9	3.6	5.2	9.3	3.6	1.7	4.8	12.1

1 - MUITO MELHOR (1) 4 - PIOR (4)
 2 - MELHOR (2) 5 - MUITO PIOR (5)
 3 - A MESMA COISA (3) 6 - NÃO SABE/NÃO OPINOU (6)

(11)							
(7) RESP.	(12) GDE. SP	(13) GDE. RJ	(14) GDE. PA	(15) GDE. BH	(16) GDE. CTBA	(17) SALV.	(18) GDE. REC
1	6.7	1.0	4.0	1.0	5.0	2.5	2.0
2	25.0	15.0	14.0	13.0	21.5	14.0	14.5
3	28.3	34.7	35.0	24.5	38.5	23.5	41.5
4	19.7	28.0	29.5	33.0	20.0	33.0	25.0
5	15.0	15.7	16.5	18.0	8.5	22.0	12.5
6	5.3	5.7	1.0	10.5	6.5	5.0	4.5

1 - MUITO MELHOR (1) 4 - PIO (4)
 2 - MELHOR (2) 5 - MUITO PIOR (5)
 3 - A MESMA COISA (3) 6 - NÃO SABE/NÃO OPINOU (6)

5. If Candidate Paulo Maluf Should Win, What Is Your Opinion of How His Government Would Compare to That of President Figueiredo?

Key:

- | | |
|--------------------------|----------------------------|
| 1. Much better | 10. ABA/ABIPEME Class |
| 2. Better | 11. Regions |
| 3. About the same | 12. Greater Sao Paulo |
| 4. Worse | 13. Greater Rio de Janeiro |
| 5. Much Worse | 14. Greater Porto Alegre |
| 6. Don't know/no opinion | 15. Greater Belo Horizonte |
| 7. Answer | 16. Greater Curitiba |
| 8. Sex | 17. Salvador |
| 9. Age | 18. Greater Recife |

Maluf Will Not Change Government

If Deputy Paulo Maluf is chosen by the Electoral College, most of the persons interviewed by the IBOPE think his government will not be different from the administration of Joao Figueiredo. Of those surveyed, 31.5 percent felt his government would be "about the same" as the present one, 24.8 percent indicated that it would be "worse," 19 percent thought it would be "better," 15.4 percent said "much worse" and only 3.8 percent expected it to be "much better."

The smallest difference between those surveyed who thought it would be "about the same" and those who thought it would be "better" than the Figueiredo government occurred in Sao Paulo. Revealing a rising tendency shown in other questions of the survey as well, in the city of Sao Paulo, the PDS [Social Democratic Party] candidate obtained 28.3 percent of the former answer and 25 percent in the second, which is a difference of only 3 percent.

(7) RESP.	TOTAL	SEXO (8)		IDADE (9)					CLASSE ABA/ABIPEME (10)			
		M	F	18-24	25-29	30-39	40-49	50 E +	A	B	C	D/E
1	10.4	11.6	9.1	8.4	11.9	11.2	8.6	12.5	9.3	8.1	12.9	8.0
2	47.4	49.7	45.0	47.2	44.0	44.3	56.3	47.4	47.2	45.1	48.6	47.6
3	29.5	26.8	32.4	32.1	29.8	32.6	22.1	27.8	32.6	37.9	25.8	26.9
4	6.3	6.3	6.3	7.5	7.6	5.4	4.5	6.1	5.8	5.6	6.8	6.4
5	1.5	2.0	1.0	1.4	1.8	2.2	1.9	0.2	2.6	0.9	1.7	1.2
6	4.8	3.5	6.2	3.4	4.9	4.3	6.7	5.9	2.5	2.3	4.2	9.9

1 - MUITO MELHOR (1) 3 - A MESMA COISA (3) 5 - MUITO PIOR (5)
2 - MELHOR (2) 4 - PIOR (4) 6 - NÃO SABE/NÃO OPINOU (6)

(7) RESP.	(12) GDE SP	(13) GDE RJ	(14) GDE PA	(15) GDE BH	(16) GDE CTBA	(17) SALV.	(18) GDE REC
1	8.0	9.3	10.5	15.0	12.5	15.5	19.5
2	39.3	51.3	56.0	60.0	47.0	55.0	50.0
3	37.0	26.7	27.5	17.5	28.5	15.0	23.0
4	9.0	5.0	3.0	3.5	6.5	7.0	2.5
5	2.3	1.0	1.5	0.5	1.0	2.0	0.0
6	4.3	6.7	1.5	3.5	4.5	5.5	5.0

1 - MUITO MELHOR (1) 3 - A MESMA COISA (3) 5 - MUITO PIOR (5)
2 - MELHOR (2) 4 - PIOR (4) 6 - NÃO SABE/NÃO OPINOU (6)

6. If Candidate Tancredo Neves Should Be Chosen By the Electoral College, What Is Your Opinion of How His Government Would Compare With That of President Figueiredo?

Key:

- | | |
|--------------------------|----------------------------|
| 1. Much better | 10. ABA/ABIPEME Class |
| 2. Better | 11. Regions |
| 3. About the Same | 12. Greater Sao Paulo |
| 4. Worse | 13. Greater Rio de Janeiro |
| 5. Much Worse | 14. Greater Porto Alegre |
| 6. Don't know/no opinion | 15. Greater Belo Horizonte |
| 7. Answer | 16. Greater Curitiba |
| 8. Sex | 17. Salvador |
| 9. Age | 18. Greater Recife |

In the cities of Rio de Janeiro, Porto Alegre and Recife, however, the smallest variation was between "about the same" and "worse", with the former predominating. In Salvador, Curitiba and Belo Horizonte, the order of these two answers was reversed, with more persons thinking that a government directed by Maluf would be worse than the present one.

Tancredo Would Improve Government

The preference for the candidate of the Democratic Alliance is also revealed in the expectations of the universe of persons surveyed by the IBOPE poll about his "future" government, as compared with the present one. Researchers found that 47.4 percent expect his government to be "better" than that of President Figueiredo, whereas 29.5 percent say it will be "about the same."

The smallest difference between persons that consider it probably "better" and those who think it would be "about the same" occurred in Sao Paulo, where the

(4)		SEXO (5)		IDADE (6)					CLASSE ABA/ABIPEME (7)			
RESP	TOTAL	M	F	18-24	25-29	30-39	40-49	50 E +	A	B	C	D E
1	34.7	36.4	32.9	33.2	37.0	38.2	30.1	34.5	39.4	36.7	32.1	35.3
2	54.7	55.4	54.0	56.2	54.6	54.8	54.6	52.3	54.4	55.9	56.6	49.5
3	10.5	8.2	13.2	10.7	8.4	7.0	15.3	13.2	6.1	7.4	11.3	15.0

1 - VOTARIA (1)
2 - NÃO VOTARIA (2)
3 - NÃO SABE NÃO OPINOU (3)

(4)		(9)	(10)	(11) REGIÕES	(12)	(13)	(14)	(15)
RESP.	GDE. SP	GDE. RJ	GDE. PA	GDE. BH	GDE. CTBA	SALV.	GDE. REC	
1	42.7	31.7	25.0	22.5	42.5	23.5	26.5	
2	47.7	57.0	65.5	60.0	46.5	69.0	66.0	
3	9.7	11.3	9.5	17.5	11.0	7.5	7.5	

1 - VOTARIA (1)
2 - NÃO VOTARIA (2)
3 - NÃO SABE/NÃO OPINOU (3)

7. In the 1986 Elections, Would You Vote for a Politician (Senator, Federal or State Deputy) Who Voted For Paulo Maluf in the Electoral College?

Key:

- | | |
|---------------------------|----------------------------|
| 1. Would vote for him | 8. Regions |
| 2. Would not vote for him | 9. Greater Sao Paulo |
| 3. Don't know/no opinion | 10. Greater Rio de Janeiro |
| 4. Answer | 11. Greater Porto Alegre |
| 5. Sex | 12. Greater Belo Horizonte |
| 6. Age | 13. Greater Curitiba |
| 7. ABA/ABIPEME Class | 14. Salvador |
| | 15. Greater Recife |

candidate received 39.3 percent and 37 percent, respectively. The greatest difference, as was to be expected, was in the capital city of his home state, Belo Horizonte, where Tancredo obtained an absolute majority of 60 percent of those interviewed foreseeing a "better" government and only 17.5 percent thinking that it would be "about the same."

In Rio de Janeiro, Tancredo Neves received 51.3 percent "better" replies and 26.7 percent saying "about the same"; in Porto Alegre, 56 percent and 27.5 percent, respectively; Curitiba, 47 percent and 28.5 percent; Salvador, 55 percent and 15 percent; and Recife, 50 percent and 23 percent.

Mandates To Be Lost

Many politicians who vote for Paulo Maluf, the candidate of the Social Democratic Party, are condemned to losing a bid for reelection. At least this was the tendency revealed in the last IBOPE poll, in that 54.7 percent of those interviewed said that in 1986 they would not vote for the senators, federal deputies and state deputies who vote for Paulo Maluf in the Electoral College. Only 34.7 percent indicated that they would vote for them anyway.

(4) RESP.	TOTAL	SEXO (5)		IDADE (6)						CLASSE ABA/ABIPEME (7)			
		M	F	18-24	25-29	30-39	40-49	50 E +		A	B	C	D/E
1	73.4	76.6	70.0	72.8	73.6	74.6	70.8	74.7		82.0	73.5	73.0	69.6
2	16.7	16.4	16.9	17.4	17.8	17.4	16.8	13.4		10.6	18.8	17.1	16.6
3	10.0	7.0	13.1	9.8	8.6	8.0	12.4	11.9		7.5	7.7	9.9	13.8

- 1 - VOTARIA (1)
2 - NÃO VOTARIA (2)
3 - NÃO SABE/NÃO OPINOU (3)

(8)							
(4)	(9)	(10)	(11)	REGIÕES (12)	(13)	(14)	(15)
RESP.	GDE. SP	GDE. RJ	GDE. PA	GDE. BH	GDE. CTBA	SALV.	GDE. REC
1	67.7	77.3	71.0	84.0	73.0	76.5	79.5
2	22.3	12.0	18.5	6.5	17.0	16.0	12.5
3	10.0	10.7	10.5	9.5	10.0	7.5	8.0

- 1 - VOTARIA (1)
2 - NÃO VOTARIA (2)
3 - NÃO SABE/NÃO OPINOU (3)

8. In the 1986 Elections, Would You Vote for a Politician (Senator, Federal or State Deputy) Who Voted For Tancredo Neves in the Electoral College?

Key:

- | | |
|---------------------------|----------------------------|
| 1. Would vote for him | 8. Regions |
| 2. Would not vote for him | 9. Greater Sao Paulo |
| 3. Don't know/no opinion | 10. Greater Rio de Janeiro |
| 4. Answer | 11. Greater Porto Alegre |
| 5. Sex | 12. Greater Belo Horizonte |
| 6. Age | 13. Greater Curitiba |
| 7. ABA/ABIPEME Class | 14. Salvador |
| | 15. Greater Recife |

Of the seven large state capitals surveyed, Curitiba had the smallest difference. Of the persons interviewed there, 46.5 percent said they would not vote in the next election for pro-Maluf politicians and 42.5 percent said they would, followed closely by those interviewed in Sao Paulo--47.7 percent and 42.7 percent, respectively. In the other state capitals, however, the difference was much greater; to the surprise of many, repudiation was the strongest, not in Belo Horizonte, but in Salvador (69 percent versus 23.5 percent).

Less Risk for the Alliance

Brazilian politicians, be they senators, federal deputies or state deputies, are certainly not running any risk if they vote for the candidate of the Democratic Alliance, Tancredo Neves. According to the IBOPE poll, 73.4 percent of those interviewed would vote for politicians who support the name of the former Minas Gerais governor in the indirect election. Only 16.7 percent said they would not.

The smallest difference between those who would reelect the politicians and those who would repudiate them was registered in Greater Sao Paulo--67 percent against 22.3 percent. The greatest difference was in Belo Horizonte, where the margin is 78.5 percent, as 84 percent of the Belo Horizonte voters said they would vote

for and only 6.5 percent said they would vote against Neves supporters. In Greater Rio the rate was 77.3 percent against 12 percent; in Greater Porto Alegre, 71 percent against 18.5 percent; in Curitiba, 73 percent and 17 percent; in Salvador, 76.5 percent and 16 percent; and in Recife, 79.5 percent against 12.5 percent.

The greatest backing for politicians that support Tancredo Neves in the Electoral College is in Class A, whose voters said they would support those politicians in the next election. In second place comes Class C; in third, Class B; and in fourth, Classes D and E. Among age groups, those over 50 years of age are identified by IBOPE as being most loyal to Tancredo on this matter. They are followed, in order, by those who are over 40, over 30, over 25, and lastly, the youngest.

For Whom Would You Vote Today for Governor?

In the survey made by IBOPE in the seven major Brazilian capitals about whom those interviewed would now like to have as governor, there was only one reversal of expectations: the present governor of Rio de Janeiro, Leonel Brizola, supplanted his principal adversary, Wellington Moreira Franco of the PDS. In Porto Alegre the major preference was for Pedro Simon (PMDB [Brazilian Democratic Movement Party]); in Belo Horizonte, Tancredo Neves; in Curitiba, Jose Richa; in Salvador, Roberto Santos (PMDB); in Recife, Roberto Magalhaes; and in Sao Paulo, Luis Inacio Lula da Silva was in a tie with the "Others" classification.

In Rio de Janeiro there was great surprise with the IBOPE findings, as it was in the very week when Moreira Franco was breaking all records for media exposure since the last electoral campaign. While the former PDS candidate, now part of the Liberal Front, was filling newspaper headlines at the side of Tancredo Neves, Governor Leonel Brizola was fading into the background, in that even his official support for the Alliance candidate was not executed with great distinction.

In Sao Paulo the relative victory of Lula was somewhat tarnished, to the extent that the same percentage of those polled (19 percent) chose "Other" candidates, not listed by IBOPE, which reveals much indecision on the part of the Sao Paulo electorate. Another datum that merits attention is the increase for Governor Franco Montoro, who rose from 3 percent in the previous poll to 15.3 percent, surpassed only by Reynaldo de Barros, who reached 15.7 percent.

In Porto Alegre, the advantage of Senator Pedro Simon is maintained--he was victorious in the state capital in the last election--with the current governor, Jair Soares of the PDS, garnering 27.5 percent. The most distinctive performance was by Alceu Colares, of the PDT [Democratic Workers Party], who obtained 23 percent. In Belo Horizonte, the overwhelming victory of Tancredo needs no comment, as in Curitiba as well, where the present governor, Jose Richa, is also ratified with an absolute majority. The 62.5 percent achieved by Roberto Santos of the PMDB in Salvador is not surprising, since the election of Joao Durval came about on the strength of votes from the rest of the state. In Recife, the majority of Roberto Magalhaes also merely confirms a trend that certainly increased with his entrance into the Liberal Front.

It is well to point out (despite not being included in the publication of this survey) that IBOPE, in asking these questions, also asked those polled for whom

Rio

RESP (1)	TOTAL
1 - LEONEL BRIZOLA (PDT)	39.0
2 - MOREIRA FRANCO (PDS)	27.0
3 - MIRO TEIXEIRA (PMDB)	8.3
4 - SANDRA CAVALCANTI (PTB)	8.3
5 - LYSANEAS MACIEL (PT)	6.3
6 - OUTRO (2)	1.3
7 - VOTARIA EM BRANCO (3)	2.0
8 - NULO (4)	1.3
9 - NÃO SABE (5)	4.3
10 - NÃO VOTARIA (6)	2.0

São Paulo

RESP (1)	TOTAL
1 - FRANCO MONTORO (PMDB)	15.3
2 - REYNALDO DE BARROS (PDS)	15.7
3 - JÂNIO QUADROS (PTB)	8.3
4 - LUIS INACIO LULA DA SILVA (PT)	19.0
5 - ROGÉ FERREIRA (PDT)	4.0
6 - OUTRO (2)	19.0
7 - VOTARIA EM BRANCO (3)	2.3
8 - NULO (4)	1.7
9 - NÃO SABE (5)	12.0
10 - NÃO VOTARIA (6)	2.7

Porto Alegre

RESP (1)	TOTAL
1 - JAIR SOARES (PDS)	27.5
2 - PEDRO SIMON (PMDB)	34.5
3 - ALCEU COLLARES (PDT)	23.0
4 - OLIVIO DUTRA (PT)	4.5
5 - OUTRO (2)	3.0
6 - VOTARIA EM BRANCO (3)	2.0
7 - NULO (4)	1.5
8 - NÃO SABE (5)	2.0
9 - NÃO VOTARIA (6)	2.0

Belo Horizonte

RESP (1)	TOTAL
1 - TANCREDO NEVES (PMDB)	75.0
2 - ELISEU RESENDE (PDS)	12.0
3 - SANDRA STARLING (PT)	4.5
4 - TEOTONIO SANTOS JR (PDT)	1.5
5 - OUTRO (2)	4.5
6 - VOTARIA EM BRANCO (3)	1.0
7 - NULO (4)	0.0
8 - NÃO SABE (5)	1.0
9 - NÃO VOTARIA (6)	0.5

Curitiba

RESP (1)	TOTAL
1 - JOSÉ RICHÁ (PMDB)	62.5
2 - SAUL RAIZ (PDS)	21.5
3 - HAMILTON V. MAGALHÃES (PTB)	1.0
4 - EDESIO PASSOS (PT)	1.5
5 - EDSON SÁ (PDT)	0.5
6 - OUTRO (2)	3.0
7 - VOTARIA EM BRANCO (3)	1.5
8 - NULO (4)	0.5
9 - NÃO SABE (5)	5.0
10 - NÃO VOTARIA (6)	3.0

Salvador

RESP (1)	TOTAL
1 - JOÃO DURVAL (PDS)	18.5
2 - ROBERTO SANTOS (PMDB)	62.5
3 - EDVAL PASSOS (PT)	5.0
4 - OUTRO (2)	6.0
5 - VOTARIA EM BRANCO (3)	2.0
6 - NULO (4)	0.0
7 - NÃO SABE (5)	2.0
8 - NÃO VOTARIA (6)	4.0

Recife

RESP (1)	TOTAL
1 - ROBERTO MAGALHÃES (PDS)	54.0
2 - MARCOS FREIRE (PMDB)	41.5
3 - MANOEL DA CONCEIÇÃO (PT)	0.0
4 - PE. MELO (PTB)	1.0
5 - OUTRO (2)	0.0
6 - VOTARIA EM BRANCO (3)	0.5
7 - NULO (4)	0.0
8 - NÃO SABE (5)	1.5
9 - NÃO VOTARIA (6)	1.5

For Whom Would You Vote Today for Governor?

Key:

- | | |
|-----------------|-------------------|
| 1. Answer | 4. No one |
| 2. Other | 5. Don't know |
| 3. Blank ballot | 6. Would not vote |

they had voted in the November 1982 election. In Sao Paulo, 45 percent said they had voted for the present governor, Franco Montoro, while Luis Inacio da Silva had obtained only 12.3 percent. In other words, the Sao Paulo governor has lost 30 percentage points.

In Rio de Janeiro Leonel Brizola obtained 42 percent in 1982, which means his rating has fallen only 3 percentage points. In Porto Alegre, in the last election, Senator Pedro Simon received 34 percent, so he has maintained the same position. Former governor Tancredo Neves has raised his standing considerably now that he is a candidate for president of the republic, as he had only 55 percent of the votes in 1982. The Parana governor has lost 4 percentage points since 1982, when he received 66.5 percent of the votes. Another whose standing rose was Roberto Santos of Bahia, in that those persons polled by IBOPE who now give him 62.5 percent gave him only 47 percent in the 1982 election.

8834

CSO: 3342/12

NEVES SEEKS TO LIMIT ROLE OF STATE FIRMS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Oct 84 p 4

[Speech by Tancredo Neves, Candidate of the Democratic Alliance for President, at a "Dinner with Business Leaders in Sao Paulo" on 8 October 1984]

[Text] Optimistic, speaking always of hope in the nation's future, the candidate of the Democratic Alliance for president of the republic, Tancredo Neves, spoke last evening at a dinner with business leaders in Sao Paulo, presenting the major features of what his economic policy could be if he wins the indirect election on 15 January 1985. Tancredo Neves guaranteed that he will govern with the aid of foreign capital, as long as multinational firms assume the risk of reconstructing Brazil, with emphasis on private companies, thus limiting the role of state enterprises.

"In regard to foreign capital," the candidate said, "it has already proven its relevant role in the nation's economic development. We hope it will undertake with us the risks of creating an open political society, of the same type that exists in the nations of its origin, where its parent companies were born and prospered." At the same time, Tancredo Neves emphasized "support for free initiative, strengthening of domestic companies and stimulus to small and medium-sized companies," also condemning the excessive participation of the state, in recalling the enormous public debt. "The presence of the state in the economy should be limited to those sectors specified in the constitution and for reasons of national security," the candidate of the Democratic Alliance summarized in asserting that in modern-day Brazil "there is room for foreign capital, domestic capital, for large, medium, small and micro-sized companies."

In conclusion, Tancredo Neves asserted: "Private companies, whether Brazilian or foreign, and state enterprises must make a commitment to my future government: that of working for efficiency. We must be efficient in production of the goods and services needed for enlarging the domestic market, in satisfying the demand of consumers and in promoting incorporation into the consumer society of those who, because of social or regional inequalities, yet remain on the fringes of progress."

The speech by the Democratic Alliance candidate to the businessmen concluded an extensive political program in Sao Paulo that began in the morning with a meeting with PMDB [Brazilian Democratic Movement Party] congressmen, when he reaffirmed that he will defeat the PDS [Social Democratic Party] candidate by a margin of 120 votes in the electoral college. He later had lunch with Governor Franco Montoro in Bandeirantes Palace and held a press conference, asserting that his administration's program is still being prepared but must receive the contribution of various sectors of society to be "a real program and not some laundry list given out in the name of a program," in a reference to the proposals of his adversary in the electoral college.

During the afternoon, the candidate met with labor-union leaders and spoke to about 2,000 workers of the Sao Paulo Metalworkers Union. He was warmly applauded and asserted that "the first obligation of a democratic government, after giving the nation a constitution that assures freedom, will be to foster resumption of development, putting an end to the monetarist policy that reduced the nation to unemployment and poverty."

'Crisis of Confidence'

The full text of the speech by Tancredo Neves to the businessmen is as follows:

Gentlemen:

The message I bring to you today in Sao Paulo is one of hope and confidence. We are in the early stages of a transition that I am certain will lead us to resumption of a stable juridical regime of a democratic character, thanks to creation of a pluralistic society in which all sectors must have the opportunity to organize and grow freely, under the rule of law.

I feel that the transition must be faced mainly with one's eyes on the future, and on its construction, and much less with eyes turned in the direction of the past, from which we shall draw the benefits of lessons learned and indications of the best paths to follow. It is with this guiding view that I face the transition period.

If elected president of the republic, the central task of my government will be construction of the future, in such a way that we do not have a return either to conditions of subversion or to authoritarian situations.

During the course of the transition the risks may be great. We must complete the course with the wisdom needed to reconcile order with freedoms and rights. We are all sure of the imperative to moderate conflicts, whether they be political, social or economic. Moderation through negotiations, with a spirit of tolerance and mutual understanding on the part of all social groups, on the part of all economic groups.

During the transition, the fear resulting from anticipation of risks must be overcome by the confidence that we will be capable of instilling hope in the future

of Brazil. In place of fear, hope--that is the way to the nation's salvation. Without hope, no government will be viable, no constitutional construction will be stable.

If there is any unanimity in evaluating the root of today's crisis in Brazil, it is undoubtedly in its diagnosis: a crisis of confidence. The nation will not be mobilized without reinstilling in the hearts of its people confidence in the future, in the capacity of Brazil to develop thanks to the work and initiative of its people.

With confidence it will be possible to resume the path of the nation's modernization, in such a way as to eliminate the disequilibria and the omissions that resulted from the orientation followed in recent decades. No one can deny so many views that see Brazil modernized but full of contrast between the Brazilian who is already stepping into the 21st century and the Brazilian who lives below the poverty line.

There has been a historical deviation from the values peculiar to democratic development. The result of that deviation is right before our eyes. The prescribed liberalization of the economy, aimed toward creation of a modern capitalism in this country, did not occur. In the economy, all sectors of production and labor were put in a straitjacket. The result was also poor distribution of social and regional income, which has put us in a very prominent position among the nations with poor income distribution.

What I have in mind, in correcting this deviation contrary to the path of democratic development--development more egalitarian in how the fruits of progress are shared--is to reestablish the coexistence of high and sophisticated productive capacity already reached, mainly here in Sao Paulo, with social standards of living that express progressive elimination of the marginality of those who live below the poverty line.

Modernization, to me, in the historical stage we are in, thus means extending the benefits that industrial civilization has brought, to all segments of society that do not yet enjoy them. In other words, expanding the domestic market and raising its consumption levels, so as to make the Brazilian economy more just socially.

It also means hope in the future, confidence in the transition and resumption of development in the path previously abandoned and now open once more to our possibilities.

In speaking to businessmen, I must proclaim that my government will give all support to capital effectively employed in producing the goods and services needed for the happiness of our people. That capital, due to the distortions of financial policy, is scarce in the markets of agricultural and industrial production and of services and its cost is a disincentive to investment.

I stongly condemn an economico-financial policy that tried to do more than it could, through the state, through state companies, discrediting the latter although in many cases they rendered excellent services, because they became those most responsible for the gigantic public debt that worries us so much.

When international circumstances counseled moderation in public investments and spending, Brazil continued advancing its projects. The nation had no way to prevent the consequent debt of the public sector being financed by the Treasury through borrowing, which raised interest rates to unsupportable levels, reducing the production capacity of all society.

My government will carry out a program based upon the principles defined in the Democratic Alliance's letter of commitment issued 7 August. As does my running mate, Senator Jose Sarney, I feel committed to that text, in the certainty that our victory in the electoral college will be legitimized by overwhelming support on the part of the public. This legitimacy is an essential condition to peaceful passage of the transition period now beginning. One who does not have legitimacy conferred by public opinion will have the authority only of force, which is transitory and fragile and, above all, repudiated.

In that document, we promise resumption of development and its restoration "as the fundamental option of Brazilian society."

In it we assume the commitment to make "a comprehensive rescheduling of the foreign debt on terms that save the people from unbearable sacrifices and safeguard national sovereignty" and to combat inflation "with measures that take into consideration not only its financial origin but, above all, its primarily social character."

Our program includes "deconcentration of power and decentralization of decision-making," allied with a continuation of the effort to reduce paperwork.

It is explicit in the commitment to the nation to support free initiative, strengthen domestic companies and stimulate small and medium-sized businesses. Let me add, taking advantage of today's opportunity, that support for free initiative amounts to a commitment by the government and businessmen seeking to achieve the best standards of performance in conducting business, and to advancing in our country the idea of freedom in the fields of production, trade and services. It is thus also a commitment to modernize, in the best sense of the word, domestic capital.

Strengthening domestic companies and stimulus to small and medium-sized business presupposes that, besides observing ethical standards in business, the situations of privilege, the underminers of the market economic system, will be done away with.

The presence of the state in the economy should be limited to the sectors specified in the text of the constitution and for reasons of national security. There is also a place for state presence in pioneer segments but, as this intervention is already voluminous, democratic consolidation and modernization of the nation demand that the power of the scientific and managerial technocracy remain under the control of the powers representing the state and society.

The struggle against excessive regulation and paperwork is imperative. The Paperwork Reduction Program must thus be expanded, reaching all sectors of public administration. Likewise, the National Denationalization Program must be continued.

In my government, welfare capitalism will zealously avoid supporting criminally-administered companies in the name of helping the businessman or maintaining employment.

Regarding foreign capital, it has proven its relevant role in the nation's economic development. We hope that it will accept with us the risks of creating a politically open society, the same that exists in its nations of origin, where its parent companies were born and prospered. We all know that the greater the stability of foreign capital, the more important is its contribution to national development, in equitable proportion to its participation in the task of creating modern Brazil, where there is room for the state, foreign capital, domestic capital, for large, medium, small and micro-sized business.

I take special pride in recalling that the Profit Remittance Law, focal point of the process of encouraging the presence of foreign risk investment in our nation, is still today practically the same as when it was created in 1961 as a result of the government plan submitted by the Parliamentary Cabinet over which, on the occasion, I had the honor of presiding.

The stability of this legislation, which has been on the books for over 20 years, is a source of tranquility for the companies and for Brazil.

Private companies, whether Brazilian or foreign, and state enterprises must make a commitment to my future government: to struggle for efficiency. We will have to be efficient in producing goods and services needed for enlarging the domestic market, in satisfying the demand of consumers and in promoting incorporation into the consumer society of those who due to social or regional inequalities are still on the perimeter of progress.

We must be efficient in developing and creating new products and in the effort to modernize the technology of what we are already producing for the domestic market and for foreign markets. We know that the success abroad of what Brazil produces here gives the consumer in foreign markets a share of the responsibility for creating and maintaining employment here in our production industries, which, in turn, contribute much toward further enlarging the domestic market.

This enlargement of the domestic market will be the keystone of my government, without prejudice to the export effort. This priority is combined with social reasons that militate in favor of a policy of real wages that would stimulate this market.

I affirm that the democratic transition will occur through the social labor pact. There is one bottleneck to be avoided. If we do not have success in the transition, at an appropriate rate, from a compulsory labor pact to a labor pact of democratic standards, disrupting problems could emerge along the way. Through the revised legislation, we are moving away from the rigid compulsory contract. At the moment, none of the parties, neither businessmen or labor unions, have anything to gain by imprudent action that would compromise the achievements already made and reduce the effectiveness of the gradual transformation that everyone is working for.

In all our effort to realign the Brazilian economy and correct so many distortions that afflict us, we are always going to try to emphasize the importance of the labor factor and of the person of the worker in the process of production.

In the specific case, private companies will play a preponderant role. They understand how the process of liberalization recommends encouraging a dialogue increasingly objective and frequent between employers and employees. This dialogue will bring into negotiations everything that can represent improvement and harmonious development of labor relations, signifying a real advance in both economic and social terms.

There is no reason to reduce the importance of capital as a generator of employment. A recent analysis of the assets of the 500 largest Brazilian companies showed that their average investment per job created was over 180 million cruzeiros, which is a very high figure. In order to have equity or loan capital directed toward new initiatives that create the jobs we need so much it will be necessary, of course, to provide incentives for businessmen and encourage them in the struggle for markets. But the investors must also be reminded of the importance their employees have in generating the profits that will make room for new investments and creation of new jobs.

In view of the difficulties that today confront Brazil, with problems of galloping inflation, the domestic distortions that result from it and the disequilibria caused by the foreign debt, we are sure the new government will have to establish immediately an economic program that addresses the most dramatic situations and opens the way for a resumption of development.

We promise neither dreams nor easy victories. All of us--public figures, businessmen, workers, community leaders--will have to unite for a great common program, a new social pact whose effectiveness will depend upon each one of us, as will the nation's future.

It will be neither a program imposed from above nor an artificial pact listing regulations rather than conscious agreements.

On the contrary, it will result from the contributions that the leaders of all segments of society are bringing to enrich and define the commitments contained in the basic document of this campaign, which is not only that of the candidate, but which belongs to the immense majority of the Brazilian people.

8834

CSO: 3342/18

CACEX FORECASTS LESS IMPRESSIVE EXPORT GROWTH IN 1985

Sao Paulo VISA0 in Portuguese 3 Sep 84 pp 62-64

[Text] In the almost 2-hour presentation made before IMF auditors, CACEX [Foreign Trade Department of the Bank of Brazil] Director Carlos Viacava repeated last week the government's expectation of having exports this year of between \$26 billion and \$27 billion and imports in the range of \$15 billion, with a surplus of about \$11 billion to \$12 billion.

To what point, during and after 1985, will it be possible to maintain that performance?

Speaking to VISA0, Viacava admitted that the performance of exports next year "will not be so brilliant as this year" because of two basic factors: the slower growth of the U.S. economy and continued high interest rates in the international market. And Laerte Setubal Filho, president of the Association of Brazilian Exporters (AEB), believes that the decision of the U.S. Government to reduce its trade deficit (which this year will reach \$120 billion) in 1985 will have a negative impact on the performance of Brazilian exports, a large portion of which depends upon the U.S. market.

Dangerous Dependency

Official CACEX data indicate that, of the 160 countries with which Brazil does business, the 10 richest ones are responsible for over 95 percent of the Brazilian trade surplus in the first half of this year, with the United States alone responsible for 47 percent of this amount. Moreover, the flow of trade with the United States increased 60 percent over the same period of the previous year.

The cumulative trade surplus for Brazil in the first 7 months of this year was \$7.23 billion, indicating the real possibility of obtaining a surplus of \$12 billion through December, which, according to SEPLAN [Planning Secretariat] analysts, will result in an export/GDP ratio of 9 percent, compared with 7.6 percent in 1983.

In the specific case of Sao Paulo, this ratio is even greater, and could reach 15 percent this year, compared with 12.7 percent in 1983 and 9.7 percent in 1982. The growth rate of the share of industrial exports was even higher. The growth of sales of manufactured goods was 35.8 percent in relation to the same month of the previous year, while processed goods increased 45.1 percent in the same period.

In relation to economic blocs, Brazil lost foreign exchange in the Middle East (for oil imports) and in Latin America, mainly to Mexico and Venezuela. The surplus has been growing in trade with Japan, Netherlands, Italy, Germany, Belgium, France, the Soviet Union and Spain.

Setubal says he has warned the government of the possibility of a reduction in the rate of exports starting in 1985, although he thinks it will be possible to offset this at least partially with the probable increase of sales to the European Economic Community (EEC), which, unlike the United States, is recovering slowly but surely. "But the big field that must be explored by the exporters is that of Latin America itself."

The president of the AEB feels the Latin American Integration Association (LAIA) has much more flexible mechanisms than the agency that preceded it, the Latin American Free Trade Association (LAFTA), which must be operated more firmly by exporters, with the help of the government. Partly because the LAIA permits bilateral agreements involving specific products from each country, unrelated to its listings, as well as agreements for exporting services and joint ventures in third countries (inside or outside the continent), opportunities that must be explored more thoroughly.

Viacava also emphasizes the need to concentrate attention on Latin America itself, taking advantage of the slow but steady economic recovery of the continent's major countries, "without an initial concern for forming trade surpluses at any cost, but seeking mechanisms that result first in a general expansion of trade in both directions."

The CACEX director also supports the need of intensifying contacts with the African markets that likewise are beginning to be reactivated. "And Brazil, as a developing country, is in a better position to compete with Americans and Europeans not only in direct selling of manufactured goods but especially in participating in the large national enterprises in projects for construction of highways, hydro-electric power dams and telecommunications systems, as well as the civil construction industry."

Resources and Support

Viacava advocates that the government continue providing incentives for exports through an exchange correction that assures reasonable remuneration for the exporters, and he asserts that there will be no shortage of money to finance foreign sales--especially after the entrance of the private banking system as a supplier of funds, although at higher costs.

But Laerte Setubal contends that the cost of money may be a factor capable of reducing competitiveness. Commenting on the new system approved by the National Monetary Council on 21 August, he says that the real interest rate will be between 7 percent and 8 percent above the dollar, as in the current system monetary correction is equal to exchange correction.

The CMN [National Monetary Council] opened credit to exports to the private sector. Export credit will now be the responsibility of official and private commercial

banks and of investment banks. In order for this system to be viable--taking into account that the interest rate in these institutions is about 22 percent--it was established that the government will bank with up to 15 percent of the interest rates to be charged based upon certificates issued between 1 January and 31 July of this year, and with up to 10 percent the new financing contracts from now on.

Unless the interest rate falls, the new system is cause for concern,"because we are going to lose competitiveness with the exporters of other countries in one of the major inputs, which is financing," argues Laerte Setubal. But Viacava contends that the new financing program for producing goods for export approved by the CMN will represent for the exporters "an important injection of liquidity for covering the working capital of the companies" and believes that the monetary budget will provide at least 600 billion cruzeiros for financings that are in arrears.

Brazilian Eximbank

While still on the subject of financing exports, Laerte Setubal revealed that he intends to present at the VII ENAEX (National Meeting of Exporters) that will be held in Brasilia in September, a project proposing creation, by the next government, of a Brazilian Export-Import Bank.

In his way of thinking, this is the only way to solve once and for all the question of financing exports. The AEB president said the plan for the new bank is almost ready, and should be similar to those existing in the United States and Japan.

In the specific case of Brazil, the Eximbank would be a second-line bank, at the level of the BNDES [National Economic and Social Development Bank], capitalized by Treasury funds, its own operating funds, also functioning as a relending agency for foreign funds associated with programs for financing exports.

8834

CSO: 3342/18

BRAZIL

BRIEFS

IRAQ LARGEST EXPORTER--The United States has lost its lead as the major exporter to Brazil; it has been surpassed by Iraq, which, in the period between January and July, sold \$1,159 million worth of petroleum, representing 14.5 percent of Brazil's imports. Now in second place, U.S. imports came to \$1,144 million, followed by Saudi Arabia, with \$902 million. Although petroleum imports declined [this year] in absolute numbers, from \$4,484 million to \$4,142 million for the period between January and July, the weight of petroleum imports increased from 51.8 percent to 52.1 percent. According to CACEX [Foreign Trade Department of the Bank of Brazil], this reflects not only the internal cutbacks, because of the pace of economic activities and the process of substituting for imports, but also increased domestic production of petroleum. The Middle East remains the largest supplier, accounting for \$2,500 million, or 31.43 percent of Brazilian imports, followed by the ALADI block, with \$1,280 million (16.1 percent), the United States, with \$1,144 million (14.4 percent) and the EEC, with \$944 million (11.8 percent). The Middle East was again responsible for the trade deficit, or \$1,659 million of the total deficit of \$1,686 million. [Text] [Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Sep 84 p 8] 6362

CS0: 3342/13

ROLE OF MANAGEMENT ASSOCIATIONS IN CURRENT CRISIS ANALYZED

Santiago MENSAJE in Spanish Oct 84 pp 471-476

[Article by Guillermo Campero: "Management Associations: Options Facing the Crisis"]

[Text] Why was the strong organization that the management associations had under the previous government weakened with the arrival of the military regime? Why have they been better represented by the authoritarian regime than by the economic model during this period? After the economic crisis, how can any step be taken toward a needed initial agreement? These are the problems that the author, a sociologist and assistant director of the Division of Political and Social Studies of the ILET [expansion unknown], discusses.

The topic of "social agreement" appears more and more often on the social and political agenda of the sectors interested in returning democracy to the country.¹ This agreement is defined as one of the required objectives--along with political agreement--in order to take a qualitative step toward conditions that permit this return to democracy.

Within that framework, one of the main concerns lies in knowing the conditions and attitudes toward such an agreement in the social participants involved. This unquestionably includes the management associations.²

To answer this, it is necessary to start with another question: To what extent did the economic, political and social experience of the military regime genuinely represent the management associations in their development during the past decade and does it represent them today in their needs, aspirations and ideas?

It is important to answer this question since the management associations were a decisive part of the process that ended in 1973 with the fall of the Popular Unity government. We are speaking, therefore, about participants that were constitutive and constituent parts of the current regime.

In our opinion, this answer leads to a precise idea of the effective condition and attitude with which these social participants can now confront a convocation to social agreement for the democratization of the country.

First we must examine the situation before the military pronouncement, especially the period from 1972 to 1973 since it contains the background that reveals the expectations and definitions the management associations were committed to in the process which would lead to such a drastic political and social change.

Mobilization Without Collective Plan

If that period is studied carefully, it can be concluded that the management associations did not manage to shape a real collective economic, social and political plan in 1973 that would become an alternative proposal to the Popular Unity regime. The documentary background of that period and the reconstruction of events through the protagonists reveal that the mobilization of the management associations from the "Encounter of the Private Area" in November 1971 to the "October Strike" of 1972 and the subsequent process was organized basically around a defensive principle and not a joint plan.³ What appears as a unifying factor of the heterogeneous world of management associations is, primarily, the defense of private property, seriously threatened in their opinion. Starting with this main conviction, a reasoning that progressively incorporated the ideas of "changing the institutionality" and the breakdown of the social and political order was structured. The external image that made the management movement appear endowed with greater "planning" unity at that time seems to us based rather on the high degree of ideologicalization that was superimposed on the defensive struggle. This ideological semantics (struggle for nationality, democracy, tradition) that covered up the defensive reasoning of the management associations came, according to our analysis, from the opposition political parties more than from the management associations themselves. The former provided most of it to the management associations in a language that seemed to express a greater sense of planning than actually existed.

What actually existed was the defense of property as a principle of collective identity and, as the process became more ideological, belonging to a common tradition, a sense of nationality and democracy that considered itself impaired. This permitted the definition of a common antagonist that would first be the government and later become "the Marxists" (most ideological notion of it) which would culminate with its cataloguing as anti-nation, anti-tradition and anti-democracy. Therefore, a principle of identity and one of opposition (or definition of an antagonist) seem very visible but there was only a very general reference to an alternative to the political regime, economic system and new social relations.⁴ The absence or at least opacity of a collective "plan" reinforced the defensive and antagonistic dimension of the mobilization of the management associations. Therefore, it can be defined as the reaction to a threat rather than an agreement to construct a new type of society.

What could have constituted a point of agreement was less a common idea of economic, social and political relations formulated as a future collective plan and much more a principle of protection, reacting to the threat of injury to what was common to them: private property and, consequently, the type of institutionality that protected it. The emergence of a crisis that, according to them, threatened private property and its institutionality produced a type of unified mobilization that was almost unprecedented in the history of the

management associations. That is the reason for the predominantly defensive trait that characterized management action in 1972-73 and the weakness of a common plan for an alternative society.

The very general statements oriented toward the formation of a future plan that can be found in the period 1972-73 show significant differences among the various management sectors. When the "October Strike" (1972) occurred, one sector headed by Leon Vilarin--tied mainly to the transporters, certain agricultural sectors in the south, professional associations and small businessmen--proposed that the Movement of Management Action (born out of the strike) become a type of "party of management associations."⁵ This had to express aspirations to overcome a society in which "the political, bureaucratic and centralist superstructures had smothered the genuine expression of the social forces." The proposal outlined by this sector had a corporatist meaning where the management associations appear as representatives of a central character in society: the "working man" subject to the virtues of effort and patriotism as opposed to the "politician" or "theorizing parasite" who moved in the political spheres of a centralist and superstructural system. This nucleus drew up a basic statement on the future political, social and economic regime that had to replace the Popular Unity. The management associations would have to assume direct representation to the state without political mediation, they would be represented in the parliament and they would take a strong role in the economy which would be decentralized regionally.⁶ The point of social support for this system would be "management power," the social force of the base capable of representing everyone from the worker to management.

This elemental statement of a corporatist society ran up against the one from the most "capitalistic" nuclei of management associations. This was similar to the other as to the symbolism of the "working man" and somewhat agreed with some corporatist criteria but differed with the idea of a "society of management associations" and the movement of management power. It insisted on the role of political parties and the Armed Forces and spoke of a market economy and free enterprise as an economic plan, presenting the risks of converting the management movement into a political force.⁷

As can be seen, the drafts of social plans did not have complete homogeneity. For some, the organizing principle seemed to be a change in the historic political logic with which a "centralist" and "superstructural" social and political power had been constructed. For others, the main tendency was rather the renovation and modernization of the earlier mode of capitalist organization and its institutional framework, deformed by excessive statism.

This diversity of orientations unquestionably contributed to the weakness of a truly collective plan even when there were some tendencies in that direction. Also these formulations always remained at a very general level and only in the leadership sphere.

Lastly, at the most programmatic level, there does not seem to have been a major development of those lines except on the economic plane where the management sector tied mainly to SFF [Industrial Development Association] drew up the "Declaration of Principles" for a military government. This statement was

the work of some top leaders and technicians and was not distributed as a program for collective struggle.⁸ Its objective seems to have been to privately propose lines of action to interlocutors in the Armed Forces. In any case, it should be pointed out that this document mentioned that the state--within the framework of a social market economy--would have to keep the basic wealth in its hands and control the financial system and the basic productive units, all of which would guarantee "the complete economic autonomy of the nation." Around that state area it proposed another private and mixed sector "as varied, large and powerful as possible." This plan was defined by its authors as "a true alliance for development," a type of social pact for the development of Chile.⁹

In conclusion, although there were drafts for future projects, what formed the unity was the struggle against the Allende regime and the reaction facing what was seen by the management associations as a process that threatened the constitutive principles of private property and the institutionality which protected this. The management mobilization of 1972-73 was more the confrontation of a crisis than a solid movement defined by a collective and consciously shared plan for a type of society.

Management Associations and Concession of Power

The examination of the period before the military government gives us some explanatory basis to understand the reasons why, after the change in regime, the management movement fell apart. Without a precise and collective alternative plan and once the threat they saw in Popular Unity was resolved, the management associations fell back to the sphere of their sectorial interests. This shows that the political role they had played before had not been consolidated to support an autonomous and collective force. They again became individual participants, segmented and corporative. The thesis of some leaders that the management movement could replace or at least be stronger than the political parties was not ratified.

The result was a concession of power--both in economic as well as political leadership--to the Armed Forces and a technocracy of economists that emerged with a coherent program which was accepted by the military leaders who directed the process. Although part of this technocracy had ties with the leaders of the management associations, especially the SFF, it acquired autonomy after September 1973.

The evidence on the divisive role of the lack of a collective plan becomes even clearer after verifying that the concession of power mentioned above was accompanied by the definition of the Armed Forces and the economic technocracy itself as true "guarantors" of the interests of the management associations. In other words, the almost full embodiment of management objectives was transferred to these two actors, diluting any reference to mechanisms of control over that representation by those who before had been defined as the social movement that originally bore the values and goals that the government that replaced the Popular Unity had to achieve.¹⁰

The plan for new social, economic and political relations became defined and practiced by other agents and the management associations did not assume a real

role as interlocutors. The attempts made in this sense were few and soon diluted. It is necessary to mention Leon Vilarin's initiative to form the Single Labor Confederation and the Joint Management Associations Confederation of Labor in which J. Martinez of the Central Chamber of Commerce participated, both in September 1973. However, neither of these was consolidated and there did not seem to be sufficient enthusiasm in endorsing them among the management associations of the economically more influential management.

Some organizations announced the presentation of "decade plans of development" (Confederation of Production and Commerce) or "plans for the revitalization of the sector" (SNA [National Agricultural Association] and ASIMET [Association of Metallurgical Manufacturers]) but there is no evidence that these efforts became decisive features in the economic strategy of the new regime.

What prevails is the delegation of the macroeconomic and macropolitical initiative to the government. The ideological reasoning that covered up this concession was "National Reconstruction" which defined the first stage of the military regime as a patriotic phase where private interests had to give way to the common good embodied in the government. The weight of this reasoning seems to have been very decisive in neutralizing the mentioned initiatives.

The breakdown of the Management Movement (which included not only the management associations but also the professional sectors) did not change the fact that, in spite of their weakness, the outlines for a future plan when revealed did not always agree with the neoliberal orientation that was imposed on the economy. In some cases, they were even opposed to this line.¹¹

As to the political regime, however, the idea of an authoritarian government seems to have been shared by the management associations. Therefore, the concession of power ignored controversial ideological elements and economic concepts that would be important later.

Ideological Wager of Management Associations

The relationship established between the government and the management associations was not one of sharing the economic and political management of the country. However, the concession of power in those two fields did not imply a separation between the two since the unity was basically in ideological terms. This was first based on National Reconstruction and later on the acceptance of the "wager" that the liberal-monetarist economic model would be capable of achieving a leap forward in the capitalist development of the country. In both cases, the basic ideological support continued to consider the military government and the economic technocracy as guarantors of their political, social and economic interests.

The nucleus of management associations tied to the Confederation of Production and Commerce played a basic role in this unity since its lines of action were more or less an attempt to convince its associates of the benefit of the wager. This occurred with less force among the small and medium management associations, particularly those tied to the domestic market and with weak connections to the domestic and foreign financial world. Among these last there were even reactions of resistance, especially during the "shock" policy phase in 1975.¹²

The most influential management groups, assimilating the government program, managed to transmit the idea that the "shock" was merely the solution to a temporary crisis. Therefore, the economic model that would lead to the capitalist takeoff would come after the stabilization that the policy generated. In this way, they again ignored the conflicts with the economic leadership that began to appear.

This shows that although the dominant process--the concession of power and the acceptance of the logic of "reconstruction" first and the wager on the economic "model" after--was done with great hegemonic force by those who led the country, it was done by ignoring important tensions. These arose from orientations other than those dominant among the management associations themselves. Although weak, they managed to emerge.

The ideological force of this wager would begin to break down before and during the so-called economic "boom" (1977-1980) when the results of the "model" generated a serious polarization of the country between the successful economic poles and the depressed poles. Consequently, when that model appeared to achieve its best performance, the management associations were no longer united as before and the conflicts laid to rest emerged again.¹³ These conflicts, however, remained in the economic field and did not transfer to the political sphere. Therefore, during the "boom" there was the impression that the management associations as a whole continued to be clearly represented by all the government policies. One expression of this was their endorsement of the government's constitutional draft in 1980.

At that time there were some expressions of political criticism which were revealed in the idea of "recovering" the government for the sectors that had made it possible: the working men.¹⁴ This revealed the opposition between one nucleus that considered itself national and productive versus another which defined itself as multinational and speculative.

Economic Crisis and Management Options

After the failure of CRAV-CRAVAL [expansion unknown] and with the drop in global economic indicators--that marked the beginning of the recession--the tensions submerged since 1973 began to flourish in 1981 and became even more dynamic in 1982. What seems to define the situation at this point was the failure of the "wager" on the economic model. The ideological willingness to confront the crisis in the same way as in 1975 no longer existed. There was no longer enough credibility and the economic technocracy lost its quality as guarantor of their interests for important management nuclei. Only the political guarantor remained the same: the military government.

This is when two different strategies appeared in the management association sector. One tried to define the economic crisis as temporary (nucleus tied to the Confederation of Production and Commerce) and the other defined it as structural and, therefore, called for a change in the economic model (the sectors tied to small and medium management that were associated later in the Council of Production, Transportation and Commerce). Later the first nucleus would also recognize the depth of the crisis and would formulate a policy of

"negotiated revitalization" with the government through the presentation of a plan called "Economic Recovery: Analysis and Proposals" (7 January 1983). On the contrary, the policy of the second sector would become more critical. It would try to act through mobilization and pressure rather than by joining in the proposal of a plan like the above. One of the features of this policy would be an effort to rehabilitate the multimanagerial associations, thus appealing to an organizational principle that had made them strong in 1972.

The months from October 1982 to January 1983 would be months of agitation in these management sectors, especially in the south. During this period there would be statements, public acts and obstruction of sales of bankrupt agricultural and industrial properties. The documentary expression of this climate was the Declaration of Valdivia (23 October 1982) that formulated a defense of the national productive sector, rejected the multinational financial logic of the model and predicted the serious social and political consequences of the crisis the model provoked. Then came the Declaration of Rancagua (22 November 1982) and that of Temuco.

The level of agitation was high enough to provoke a drastic response from the government: the expulsion from the country of the president of the National Association of Wheat Producers, one of the important leaders in this process. This divided the movement. What happened revealed the polarization of strategies in the management association sector in whose base was the deep economic polarization generated by the model applied. It also revealed that the management mobilization itself, deprived of a global political reference, could not resist a drastic response from the government. Again it was in a defensive struggle without a political program.

After the quelling of the mobilization of the economically most depressed nuclei, the strategy of negotiation in the above-mentioned Plan of Recovery was imposed and, therefore, the scene was filled with management associations headed by the Confederation of Production and Commerce. This line of negotiation would not be totally accepted by the government until after the cabinet shuffle of March 1984 when a team of management origin replaced the monetarist economic leadership.

Conclusion

The management movement of 1972-73 (of which the management associations were a substantial part) based its strength mainly on principles of defense and opposition but lacked a real collective plan of social, political and economic transformation.

The polarization that the economic model generated made the divergent tendencies that had always existed flourish again. However, the crisis of the economic guarantor did not mean a crisis of the political guarantor (which insures social order). The tension seemed to be localized among those who still aspired to reinitiate a dialogue between the government and a "management movement" and those who aspired to a relationship only in terms of economic power and not social forces. Naturally, the former were those who were weaker in terms of this economic power.

In both cases, therefore, the idea of a social agreement being considered today remains in the sphere of economic problems and does not really come close to the political field.

Now, what are the probable conditions for passage from the economic to the political, understanding by this a reformulation of the current political regime? In the first place, a worsening of the social effects of the economic crisis, especially--this is our hypothesis--the appearance of a political reference (partisan front or coalition) that is capable of being considered an "alternative political guarantor" for its interests by the management associations. The main interest is private property and its economic use.

The need for an external political guarantor is the result of their own political weakness which was expressed by the absence of a plan in 1973. Without this guarantor, the probable tendency will be to seek refuge in their sectorial positions and maintain their tie with the one who plays that role today (the government). In our opinion, this means that the management associations do not really represent a political class but an economic class.

If that potential external guarantor is capable of representing them as a group, the appearance of united political action is more likely among the diverse management segments. If not, the passage to the political field can be fragmented and surely those most affected by the crisis will seek more immediate external political representation.

Passage to the political field--if it occurs--will not mean (according to our hypothesis) an understanding of the problem of the democratic political regime as it is defined by other sectors that would be interlocutors in a social agreement, particularly the unions. To these last, the recovery of democracy is basically a problem of recovery of political and socioeconomic rights, reinclusion in the political system from which it can work on national and state decisions. In the case of the management leaders, the question of the democratic regime seems to be rather a problem of rules for the institutional game that guarantee the functioning of a "social pact" where private property and its economic use are guaranteed and have incentives to develop. Thus, the topic of political reinclusion is less important in their reasoning than the guarantees of a mode of economic functioning. The challenge lies, therefore, in the capacity of the political representatives to make these two basic dimensions of any social agreement oriented toward democracy converge.

In short, the history of a decade shows that the management associations were participants dependent on an external leadership (the military government and an economic technocracy), that the authoritarian political regime represented them more genuinely than the economic model which generated such polarization that it disrupted the possibility of common interests based on the economic model. The economic crisis opened the way to an eventual road toward possible social agreements oriented toward change but this passage can only be taken by the management associations if an external political guarantor of their interests is found, a role that they--as part of an essentially economic class--will not implement by themselves.

FOOTNOTES

1. Here "social agreement" means a process that consists in the participation of various social actors (unions, management associations, professional associations, representations in general of social sectors organized more on a corporative or social principle rather than a political one alone) in some type of temporary or long-term pact or agreement on the functioning and control of the economy and its results as well as on the institutional framework that regulates social and political relations in order to guarantee a stable transition toward democracy.
2. We include those grouped in the Confederation of Production and Commerce and those grouped now in the Council of Production, Transportation and Commerce.
3. A detailed examination--through documents and interviews--of this statement can be found in Guillermo Campero, "The management associations in the period 1970-1983: sociopolitical behavior and ideological orientations," ILET, 1984 studies series, Chapter I.
4. Many documents can be cited to back this statement including the speeches at the Encounter of the Private Area (EL MERCURIO, 3 December 1971), the press releases of the National Front for Private Activity (for example, EL MERCURIO, 19 February 1972 and 26 February 1972), of the SNA (21 January 1972 and 12 April 1972), of the SFF (1 September 1972) and the Petition of Chile itself, the document that presents the demands of the management associations that paralyzed the country in October 1972.
5. One document that illustrates this is the conclusions of the meeting of leaders that formed the Movement of Management Action (EL MERCURIO, 23 December 1972).
6. In relation to this, see: speech by Benjamin Matte (SNA), "What we are in history" (EL MERCURIO, 11 November 1972).
7. On this see speeches by the SFF president on 12 January 1973 and 27 March 1973; also J. Fontaine, 13 March 1973.
8. On this see Guillermo Campero, "The management associations in the period 1970-1983," op. cit., Chapter I.
9. See the magazine HOY, No. 273, analysis on the topic by O. Saenz who headed the SFF in 1972-73.
10. Many documents of management leadership in the period 1973-74 confirm this; for example, Confederation of Production and Commerce (EL MERCURIO, 16 November 1973), SFF (EL MERCURIO, 16 November 1973), Confederation of Agricultural Employers (16 November 1973), SIDEKO [Professional Trade Union for Proprietors of Chilean Commercial Establishments] (28 October 1973), ASIMET, "A leap toward the future" (January 1974), Central Chamber of Commerce (26 April 1974), SNA (21 February 1974), etc.

11. In this we can cite the early critical position of Orlando Saenz even while president of the SFF (9 January 1974, speech, "Chile's road"), also Domingo Duran (ERCILLA, July 1974) and Rafael Cumsille (EL MERCURIO, 11 November 1974, 21 November 1974, 30 November 1974).
12. O. Saenz wrote in the magazine VISION, January 1975: "The organized civic forces that existed 15 months ago...are much smaller today. The mystique that united them during the 3 years of Marxism has been weakening and notorious differences have flourished among them...."
13. The conflicts were particularly strong in the agricultural area where the sectors of traditional crops and those of the domestic market confronted the government policy and the SNA which supported it.
14. See the speeches by R. Cumsille, D. Duran and L. Vilarin at the National Council of Retail Merchants (16 July 1979).

7717

CSO: 3348/24

JAPANESE OVERTURES RAISE HOPES FOR IMPROVED TRADE

Kingston THE DAILY GLEANER in English 28 Sep 84 p 24

[Text]

ROSEAU, Sept. 27 (AP)

Dominica is hoping that recent approaches by the Japanese Government will be the first step toward correcting a serious trade imbalance between the two countries, acting Prime Minister Brian Alleyne said today.

Alleyne made the statement at a ceremony in which Japan presented the Caribbean nation with two ambulances worth nearly \$37,000 (U.S.). The presentation was made by an official from the Japanese Embassy in Trinidad.

The Acting Prime Minister noted that the gift came just after the arrival here of a three-member economic team from Japan on a survey mission for regional aid.

The fact that this mission coincided so closely with perhaps the first significant event of co-operation between Dominica and Japan is rewarding and encouraging for us in Dominica, Alleyne said.

The people of Dominica ... have not hesitated to express their consciousness that the serious trade imbalance between Japan and Dominica needed to be compensated in some way by some level of co-operation, some level of assistance from Japan, Alleyne said.

He added that it has been a long time since the Government of Dominica has been in discussion with the Government of Japan on these issues and this is not the very first occasion or event in which Japan has made a contribution to the development of Dominica.

CSO: 3298/054

PCN STATEMENT SUPPORTS EFFORTS FOR PEACE

PA141242 San Salvador EL DIARIO DE HOY in Spanish 13 Oct 84 p 31

[Paid advertisement by the National Conciliation Party, PCN]

[Text] In view of the latest political developments, the PCN reminds the Salvadoran people and the world of our commitment to seek peace, as stated in our political platform for the 1984 elections and publicized through all the news media. We stated the following:

Achievement of Peace

"The first thing we must establish at this point is the fact that the crisis will not be completely resolved without the achievement of peace. Therefore, our main priority in the political arena is to establish highly reliable, efficient, and practical mechanisms that help us reconcile Salvadoran society.

"Obviously, the goal is achieving a political-military solution. Therefore, the PCN wishes to assert that it advocates the search for a solution that includes most political sectors, without underestimating the military factor.

"The political mechanisms to be created must necessarily incorporate all of the overall efforts to include the armed groups that are attempting to seize power violently and provide the necessary means for including them in the democratic process, thus guaranteeing ideological pluralism, security for political parties and their representatives, equal opportunity in the electoral process, and unrestricted access to the news media.

"It is necessary to establish specific measures that guarantee peace for Salvadoran society without rancor, vengeance, retaliation, and with confidence in its internal and external consequences.

"There are undoubtedly external elements that might distort this search for peace in our country. In this regard, the PCN considers that the efforts being made at the regional level by the Contadora Group are important in the search for peace. Consequently, the PCN advocates this and other efforts aimed at achieving peace because this coincides with our goals."

Source: Published in EL DIARIO DE HOY on 10 March 1984.

Based on what we have asserted, we can say that our analysis of the crisis at that time is still valid today; therefore, the achievement of peace is a priority issue in analyzing and resolving our national crisis.

The search for peace must be directed at strengthening the democratization process, advocating political pluralism, achieving respect for our national sovereignty and dignity, and defending our constitutional regime.

We said it yesterday, we reassert it today, and we maintain our commitment to the Salvadoran people to fulfill our promises.

[Signed] PCN Executive Council

San Salvador, 12 October 1984

CSO: 3248/43

BRIEFS

PDC COMMITTEES ELECTED--The Christian Democratic Party [PDC] elected its Political Committee yesterday at an ordinary convention. The Political Committee is formed by Secretary General Dr Antonio Morales Ehrlich, and members: Julio Adolfo Rey Prendes, Rodolfo Castillo Claramount, Dr Fidel Chavez Mena, Mrs Dolores Henriquez, Rene Edmundo Viera, Aquilino Duarte, Jose Alejandro Duarte, Dr Antonio Guevara Lacayo, and Atilio Vieytez. [Summary] [San Salvador LA PRENSA GRAFICA in Spanish 10 Sep 84 p 19 PA]

FRG ECONOMIC AID--An economic aid agreement totaling approximately DM48 million was signed in El Salvador between the FRG and Salvadoran Governments. The signing of this agreement represents the resumption of the FRG's economic aid to El Salvador which was announced during President Jose Napoleon Duarte's recent visit to Europe. The funds will be used to provide foreign currency for imports, to build low income housing, and to promote small enterprises. [Excerpt] [San Salvador Radio Cadena YSKL in Spanish 0025 GMT 1 Oct 84 PA]

CSO: 3248/43

PAPER DEPLORES DISUNITY INHERENT IN PRE-ELECTION ACTIVITY

St Georges THE GRENADIAN VOICE in English 22 Sep 84 pp 4, 16

[Editorial]

[Text] WE have not checked, but we believe that if we look in an appropriate dictionary, we will find that the synonyms of Politician are selfish, egoistical, unpatriotic and such like; and we will probably find that the anonym is honest.

How else can we account for the debacle in which we find ourselves, the confusion which has been created in the minds of the electorate and the chaos into which we appear to be heading willy nilly?

If any country has ever needed unity at any time in its history it is our country, at this time. But what do we find? Self-seekers are growing thick and fast as if responding to the rain as the grass and the weeds. And they are united in just one thing--the popular refrain which has become famous last words for many a politician in the past "I am confident I can win."

And what is it that causes some men to ignore or subvert the clear indications of the national good? Is it just the desire for power or supposed prestige? Or is it that they become infected by some special kind of madness? Is it that some feel an obligation to celebrate our return to democracy (the loss of which some of them either condoned or actively supported) by running for election? Is it that some of them see some ripe plums in our future and want their share or is there an even more devious purpose on the part of some of them in creating confusion?

We do not have the answers to all these questions, but we do believe that these are some of the questions we would be asking ourselves, and the politicians, to help us to determine how to use our vote. AND USE IT WE MUST!

We believe that after all we have been through in the ten years which ended in October 1983 and with the glimpse we have had of the glorious future that could be ours if we could go forward as one people and recapture our interrupted potential, even our destiny, to be a small but great country, patriotic and unselfish men and women should respond to the needs of the times in a more responsible manner.

From the beginning we had favoured a strong National Unity Government for a longer period but now the die is cast. There is no looking back. Sir Paul has fulfilled his promise and what he saw as his duty by naming a date for elections within the time frame he gave himself and his advisory council. The rest is now up to us--the electorate. We've got to forget whether we wanted elections this year nor not. We've got to face up to the reality that we will have no alternative but to choose from among the candidates who offer themselves for election to form our new Government. We've also got to recognise that whether we vote or do not vote we could be influencing the end result. We must therefore ensure that we bring about the result that we would 'prefer' even if it has to be a result that we would not ordinarily 'choose'. Like it or not on December 3rd we bring to life the old saying that 'people get the government they deserve'.

If the politicians will not unite let us, the electorate, in thinking clearly and not emotionally.

If the politicians will not, let US put Grenada first. Let us select to govern our country the group most likely to do the job that is needed to set us on the right course and lead us into the era of stable development which we sorely need. Let us seize Dame Fortune by her single plait as she passed our way on that fateful day which, for good or ill, we will have to add to the many that we will always remember. And while we are doing this, let us reject all opportunists, all self-seekers, all forces of evil. Let us, as the Governor General said, not be swayed by threats and intimidation. Neither let us be wooed by empty promises or hope for favour--let us permit ourselves to be persuaded only by the real prospect of good, solid and just government.

We call on all contending groups to get their acts together. There have been rumours, for example, of dissension in the NNP over the matter of candidates. We call on them to resolve this quickly and not on the basis of numbers from original parties but on the basis of who are the best candidates. We call on the declared Independent candidates to desist from muddying the water.

Our country is too small to afford such insular pride. Finally, we call on all to fight a clean campaign free from mud-slinging and personal vilifications and free from violence.

And may God grant us all wisdom to do what is right for our country.

CSO: 3298/055

ARTICLE COMMENTS ON CASE OF ACCUSED IN BISHOP DEATH

St Georges THE GRENADIAN VOICE in English 25 Aug 84 pp 8-9, 13

[Article by Lloyd Noel]

[Text]

THE Preliminary Inquiry (P.I.) into the murder charges brought against twenty persons for some of the killings on October 19th 1983, ended at Richmond Hill -- Old Lions Den -- two weeks ago.

The Magistrate, Mr. Lyle St. Paul, held that there was sufficient evidence adduced by the Prosecution to commit Nineteen of the Twenty persons to stand trial for Murder at the October Assizes or Sessions. The Magistrate further held that as against the other person -- Ian St. Bernard -- there was not enough evidence

produced by the Prosecution to send him for trial, therefore, as far as the Murder charge was concerned -- the case against him was dismissed.

However, on the application of the D.P.P., St. Bernard was further remanded in custody because there was another charge pending against him, namely, Conspiracy to Murder -- which carries the same penalty as the actual crime and does not entitle the accused to Bail.

The Magistrate ordered that St. Bernard should be brought back

before him on the following Friday (Aug. 30) to answer the said charge of Conspiracy to Murder. On that day, the drama and high -- tension security measures were reduced to zero as St. Bernard appeared in the normal Magistrate Court in St. George's with just two security guards accompanying him.

Mrs. Vylma Hylton, appearing for the D.P.P., again requested a further adjournment and remand so that she can properly advise the Commissioner of Police on the next step to be taken in

the said case. The request was granted by the Magistrate with strict instructions that the position be settled by those concerned before the accused appears in Court again on that charge.

Then on Tuesday 21st August when St. Bernard again appeared before the Magistrate, the charge of Conspiracy was dropped by the D.P.P., and a new charge of plotting to overthrow the PRG was laid against him. This sounds to me like treason but Mr. St. Paul granted him bail in the sum of \$5000.00.

So, where do we go from here as far as those charged and awaiting trial are concerned?

A number of persons have been asking me where will the trials be held — seeing that the P.I. was held in virtually a private designated Magistrate's Court at Richmond Hill. My first response has been in the High Court in St.

George's of course, but there are clear indications that this is not a foregone conclusion.

In fact, not only are the authorities concerned, Governor General, Interim Advisory Councilors and their Legal and Security Advisors — seriously considering, if not already decided, to also designate Richmond Hill Old Lions Den as a High Court for the purpose of holding the trials, but my information, received from usually reliable sources, is that they are also looking around outside Grenada for a new Judge to take the trials.

Some cynics might say — well why not? If you are having a new Court, you might as well get a new Judge; then why not go all the way and import Thirty foreign Jurors from which to choose the Jury for the Trial?

May I remind our readers that we have in

Grenada two fully qualified and competent and efficient Judges in the person of Chief Justice Mr. Archibald Nedd and Mr. Justice James Patterson. From my observations of the sittings of our Two High Courts in St. George's, when the Assizes are in sessions usually only one Court and Judge is in operation, and when there is no Assizes often times both Courts are empty and not in operation. In other words our Two Judges are not overworked by any means.

So what could be the reasoning, if true, of importing a brand new Foreign Judge for those trials? And or why should those accused persons be afforded the opportunity to have a virtually private trial when all other Grenadians who commit offences and are charged under our normal Criminal Code — as those 19 accused persons are charged — have

to face a public trial in the full glare of the general public and the society against whom they have in essence committed the alleged offences?

I cannot accept the reason advanced by the authorities for holding the P.I. at Richmond Hill — namely, that the security forces could not provide adequate security to protect the Twenty accused persons whilst appearing at the normal Magistrate Court in St. George's, or that those accused persons were liable to be sprung or rescued from custody whilst appearing in Town.

Surely, forces that were able and willing and expertly executed their mission when delivering a whole nation from bondage on the 25th October 1983, can also adequately protect Twenty persons and secure the area around a Court House in Town? And the Woodlands and isolation of Richmond Hill

must make that area more vulnerable for an attempted rescue, if anyone is so crazy to try, than the crowded St. George's Town?

Besides, are not the authorities on the one hand handing on a plate to those accused persons the ready-made excuse of complaint that they are not being given a fair trial by a competent and impartial Court sitting in public, as provided for in the re-enacted part of the Constitution of Grenada? and on the other hand setting a very dangerous precedent that can be abused and exploited by any future Government or Politician who wishes to hold private trials of persons who are considered intolerable for one reason or another?

The trials and charges are not subject to any special law or regulations as for example Court Martial proceedings under Military Law. So

why should they be treated differently and the general public barred from hearing the evidence adduced by the Prosecution in what must surely be the most outrageous incident in the entire history of Grenada? And why should a new Judge be found to try those accused persons when every other Grenadian has to stand trial before the existing Judges?

It is my opinion that some thing is wrong somewhere. That the advisers or decision-makers are getting carried away by the importance or sensitivity of the circumstances surrounding them and that they are now in, or fastly approaching, the realm of fantasy and unreality and they had better come down to earth before it's too late, or too high for safe descent.

And whilst all these antics are taking place on the Hill or in the

stratosphere, us ordinary mortals down here on humble earth, are experiencing a breakdown of Law and Order un-precedented in Grenada; and what is worse, NOTHING is being done, or seen to be done, about our sad state of affairs.

Everyday there is a cry of anguish from some one or other, rich and poor alike, of a theft, a burglary, a destruction of property, an

interference with rights of persons or property etc - etc - etc. And the corresponding hopeless cry that nothing is being done by the Police or Peace Keeping Forces - to prevent the wrongs and atrocities or to bring the culprits to Justice after reports have been made.

Imagine that the Post Office in Victoria, St. Marks, in the same building as the Police Station, was

broken into on Sunday or Monday night this week and the thieves got away. One of the Magistrates of the Southern District, Mr. Jerome Forde's house was broken into on Thursday 16th August and up to Monday August 20th the Police in his area of St. Patrick's had not yet arrived to make enquiries or investigate the crime - so said the other Magistrate Mr. Lyle St. Paul in open Court on Monday.

Well if those things are happening in those places and to those people what chances have ordinary citizens got? And what are the Commissioner of Police, the Commanders of the Peace Keeping and Military Police, the Ministers for National Security and Justice, the Interim Government as a whole and others in authority doing

about this disgraceful situation in our land?

Even when private citizens bring actions in the Courts for wrongs committed to their person or property - the wheels of Justice simply stand still and often times refuse to move.

In the meantime, all manner of persons are drawing hefty salaries, having expensive trips

abroad with fancy
accommodation
and entertain-
ment - purported-
ly on behalf of
us suffering
Grenadians who
are being con-
stantly hounded
for all kinds
and types of
Taxes and ar-
rears of this,
that or the
other, even
after we have
paid the cursed
dues.

And for some
mystifying reason,
the majority of
Grenadians are
complacently
going about their
business as if

every thing is
fine - and await-
ing for Manna,
or Salvation, to
again fall down
from the sky.

What more do we
need as people
to push us to
action? Why are
those in control
of our lives and
destiny so callous
or irresponsible
that they are
refusing to face
reality and live
in a real, rather
than an imaginary
world?

When, oh! When,
shall we learn?
or is too late
again going to
be our cry?

CS0: 3298/055

PNP CONFERENCE CLOSES WITH MANLEY ADDRESS, RESOLUTIONS

Manley on Party Priorities

Kingston THE DAILY GLEANER in English 24 Sep 84 pp 1, 3

[Text]

THE ESTABLISHMENT of a National Planning Advisory Council to mobilise the Jamaican people towards nation-building will be the first of a number of priorities to be embarked on in the first year of a People's National Party Government, according to its President, Mr. Micheal Manley.

Mr. Manley, addressing thousands of supporters and well-wishers who filled the National Arena for the final public session of the Party's 46th annual conference, said that the word "promise" had no place in the P.N.P., only "honesty, wisdom and judgement".

The faith of the Party, Mr. Manley said, was in social planning and mobilisation within the framework of Democratic Socialism; and this was not a promise but an invitation to work, to co-operate and to build the country.

In pursuing the objective of the National Advisory Council within the context of a participatory model, the P.N.P. was not disowning its responsibility of setting priorities and shaping policies; however, it was enhancing the idea of two-way dialogue to arrive at mechanisms to maximise co-operation, minimise friction, and optimise collective experience, he said.

The Council would consist of private producers, farmers, trade unions and other interest groups in the community.

As an example, he said, in the area of Education, schools would be regionalised and boards with broad memberships would be appointed to run these schools, moving away from political appointees.

"This country has to learn that Education is not a service but an investment in the future of a country," he said, adding that some of the fundamental steps that would be taken were the introduction of a greater technical bias, relevant to the economy, in schools and the mobilisation of the people to repair the buildings and furniture.

The next P.N.P. Government would also set up a National Education Council involving all interest groups and the Opposition, to design a policy going in a particular direction for the rest of the century.

"Education needs continuity so that it will move in the same direction as the situation is steadily improved," he said. The same approach would also be adopted for the health services.

The Party's task forces had been meeting with a number of interest

groups to bring about something that could work, he told the cheering crowd. And that was not a promise, he said, declaring: "I'm not interested in bogus promises. If you want that, keep Scaga there, or put him back".

Mr. Manley stated that if Jamaica was to pull out of its problems, this had to come about through a combination of efficiency, skill, hard work, and self-reliance, qualities which the people were beginning to learn in 1980, when, according to him, "history would record that a group of adventurers, hungry for power, with friends from abroad, demobilised Jamaica".

Violence was a most terrible thing but not the worst that happened then, he said; but people were told that the problem of the country was not external, rather, it was bad P.N.P. management and that they had no part to play, they must leave it to management "and milk and honey will flow and jingle will jangle".

The tragedy of the whole scenario was that now the people had come to realise that "no abracadabra, no magic wand, could help but only a citadel built brick by brick".

Mr. Manley said he was glad to welcome back into the P.N.P. family those who had been deceived and were confused, as he quoted from the Jamaica Labour Party manifesto of 1980 to show that promises such as no imposition of taxes that were made, but yet the reality was the opposite.

It was an offence to run a country by insult-

ing the intelligence of the people, he declared. The people had also been misled to believe that the only source of help was from the United States of America; and that every problem needed solution from foreign experts. This attitude had totally undermined the work of modern National Heroes, Bustamante and Norman Manley, who had begun the inculcation of a sense of patriotism and confidence.

A greater opportunity had existed in the time of the P.N.P. Government for the development of talent and skills.

Money alone could not solve the country's problems, Mr. Manley said, as he noted that the Government had an external debt of \$3.1 billion while the amount needed to service debts next year was \$830 million and \$300 million was needed for fuel bills. Projected inflows were set at \$700 million, leaving a shortfall of \$400 million to be borrowed.

In the near future, he said, he would be asking where all the \$2 billion which had been borrowed had gone: for the P.N.P. could give account for the \$1 billion it had borrowed which had gone to build schools and houses and to improve services.

The country was in trouble, but it could survive, given proper mobilisation, a thing that the present Government could not do.

"We can make this thing move again even while we struggle with the foreign exchange. I come to confess my undying faith in this coun-

try. The people must do it; the people can do it," he declared.

Outlining the production and employment strategy of the P.N.P., Mr. Manley said the formal sector involving the major producers would be expanded to maximum efficiency, productivity and technology; nonetheless, this sector could not deal with unemployment.

With assistance from a revived and vigilant Jamaica Development Bank, the informal sector (which he described as made up of the smaller producers) however would be made to grow so that it could deal with the unemployment situation and at the same time prepare itself to enter the formal sector.

Again, the perception that major new development depended on Government and the Private Sector alone had to be broken down, to give way to a tremendous forward movement in joint ventures.

(Obliquely referring to the present Government's credit squeeze in the productive sector, he said to suggest that to make working capital available would be inflationary was madness. He would relieve the credit stringency to make development capital available but the private sector would be invited to help monitor the money to prevent "scuttling" and dishonesty.

Non traditional exports were also to be encouraged through exploration of markets worldwide while C.A.R.I.C.O.M would be developed as a home base, paving the way for an attack on third markets. Community Enterprise

Organisations were to be "the buzz of economic activity".

The P.N.P. welcomed the food relief programme for the poor but Food Stamps could not be the answer, he said, while thanking the countries which had participated. However, he said that apart from local agriculture which was being discouraged under the programme, there was also the risky situation where problems developed in the donor countries.

"The hopes of the people must be built on the land," he declared, adding that the Party would re-introduce the land reform programme "so that we can feed ourselves". The animal protein industry was slated for development while bauxite would be bartered for fertilizer, the purchase of which was "killing us".

On foreign exchange, he said that there would be a planned use of this resource through allocation to priority areas. Trade, which was not to be linked with ideology, would be developed between the United States, Third World countries, the U.S.S.R., Norway, Sweden, and others.

"The very minute" the P.N.P. got power, he said, he was going to instruct the Ministry of Construction to smooth out all the potholes, "for Mr. Scaga does not realise that foreign exchange was being used to replace damaged shock absorbers".

The National Housing Trust would be told to set aside money to build houses for low-income groups, and capital would be provided for construction coupled

with a tax allowance for housing construction.

In the area of crime, Mr. Manley, referring to the Rema incident in May, said that "we're going to wipe out and deal with the private armies" from whatever quarter. The Security Forces would be asked to sit with the then Government and tell how

they were going to mobilise the people to deal with crime.

The trade unions would be asked, too, to indicate areas of amendment to existing legislation, while the worker participation concept was to be revived to make workers more than hewers of wood and drawers of water, he said.

Conference Resolutions

Kingston THE DAILY GLEANER in English 27 Sep 84 p 2

[Text]

A call for the Prime Minister and Government of the Jamaica Labour Party to resign was at the head of several resolutions passed at the 46th annual conference of the People's National Party last week.

Detailing what it described as the "gross incompetence in the management of the country's affairs" the resolution by the General Secretary of the Party Dr. Paul Robertson, said that the Government should resign as soon as the new electoral system was in place.

The resolution charged that Government's policies had resulted in the massive and continuing devaluation of the Jamaican dollar from the rate of one U.S.\$ to J\$1.78 to the rate of one U.S.\$ to J\$4.30; misguided food import and pricing policies which had worked to the detriment of small farmers and rural communities; unprece-

dent increase in foreign borrowing and the consequent doubling of the nation's debt burden in four years without clear evidence of the purposes to which these mammoth sums had been put; and confusing erratic shifts in policies and practices which have flowed from unintelligent and insensitive pursuit of deregulation.

The resolution added that as a result of the Government's incompetence all the classes of persons with the possible exception of the very wealthy, all sections of national life had suffered severe hardship and continued to experience significant decline.

It was also decided in the resolution that the Party declare its determination to employ, within existing laws and the Constitution whatever means necessary to ensure such resignation.

A resolution on consumer affairs urged the implementation of measures which would halt "the spiralling cost of living for the poor can take no more."

Another resolution on Local Government called on the Government to tell the people what were its intentions and policy towards this Local Government; to initiate a national debate on the future of Local Government; and desist from its present efforts to discredit and then dismantle Local Government.

In the area of Industrial Relations, the P.N.P. urged the Government to make amendments to the law and also vigorously enforce provisions of the existing law to guard against what it said was unfair labour practices.

The Ministry of Labour was also called upon to ensure that adequately managed units such as dealing with the issues of minimum wage, severance payments and factory inspectorate, be made to operate so that workers could receive their entitlements and have their safety and health protected.

Still on labour, another resolution called on the Ministry of Labour to restore "this vital principle" of pre-designated workers which had facilitated the U.S. and Canada farm work programme.

The conference also resolved to call upon the Government not to proceed with proposals which would undermine the hard won rights of the trade union; and that the workers also call on the Government to re-open dialogue with the union in this matter.

Reelection of Officers

Kingston THE SUNDAY GLEANER in English 23 Sep 84 p 1

[Text]

Election of officers took place at yesterday's closed business session of the People's National Party's annual conference at the National Arena, in Kingston, and resulted in all the office-bearers being returned.

Mr. Michael Manley was re-elected unopposed as President, and the four Vice-Presidents — Miss Portia Simpson, Messrs. O.D. Ramtallie, Seymour Mullings and Winston Jones — were all re-elected.

Today, the conference comes to a close with the open public session, at which Mr. Manley will give his presidential address.

Patterson's Reelection

Kingston THE DAILY GLEANER in English 2 Oct 84 p 2

[Text]

Mr. P.J. Patterson was re-elected Chairman of the People's National Party at Sunday's meeting of the party's National Executive Council, held at Ocho Rios Secondary School. Also elected was the Deputy Chairman, Mr. Bobby Jones.

Eleven members were elected to the Executive of the Party. They are Mr. Horace Clarke, Dr. Kenneth McNeil, Messrs. Ken Witter, Basil Gordon, Frank Pringle, Allan Dodson, Eric Sanderman, Leroy Cooke, Dr. Mary Seivright, Mrs. Minna Wilmor and Mr. Carl Rattray.

During a post-election speech, the PNP Chairman predicted more stringent measures when the International Monetary Fund came to review the country's economic performance for the September

quarter. He hoped, he said, that no one would seek to mislead the country by attempting to say it had passed the September quarterly IMF tests, before these figures were accepted by that organisation.

Mr. Patterson repeated that the country's total debt in 1984 stood at US\$3,100 million, while it was US\$746 million in 1980. He questioned whether Government proposed to withdraw from commercial banks the accounts of certain statutory boards and companies which were in surplus; and, he said, on the other hand, the accounts of Statutory Boards and companies that were in deficit would not be removed from the commercial banks.

CSO: 3298/063

FOREIGN EXCHANGE AUCTION REGULATIONS CRITICIZED

Exporters' Complaints

Kingston THE DAILY GLEANER in English 26 Sep 84 pp 1, 3

[Text]

EXPORTERS ARE up in arms about Government's new regulations which they say inhibit their participation in auction bids for foreign currency.

At an emergency meeting of the Jamaica Exporters' Association at Export House, New Kingston, yesterday to discuss the new revenue measures in which they have to give update proof of payment for PAYE, Education Tax, and the like before qualifying for the auction, some 60 exporters were of one voice that the new measures were hindering their performance in the effort to put Jamaica back on its economic feet.

One exporter said: "With all the rules and regulations there are no winners, we are all losers. The Government, the people, the exporters".

The speaker who said his company had been in the garment manufacturing business for 26 years described the latest Government move as "counter productive".

Another speaker said that with the new regulations under the auction system, they were being forced to go to the Export Development Fund (EDF) which he described as "unfunctional".

Another: "I don't question the principle of Government collecting tax when it can be done, and is available. Besides P. A. Y. E., employers have to pay the brunt... it is morally wrong and we are being asked to pay these taxes every 30

days... it is impossible".

A questionnaire relating to the effects of the latest measures, introduced on September 18, was handed out to members attending the meeting.

Two-thirds of those present said they would be unable to have access to the auction for a year.

According to the questionnaire, as a result of the new measures 425 jobs would be lost, there would be a \$12.9-million reduction in export sales, and the value of goods involved by way of trade credit was \$6.5-million.

After the meeting, the J.E.A. issued this release:

"A meeting of more than sixty members of the JEA met today at

Export House and urged on Government the need to put exporters on an equal footing with other users of foreign exchange if they are to achieve the performance necessary to earn the foreign exchange that is needed to make possible any recovery in the Jamaican economy.

"Called to gain some indication of the effects of the new monetary measures on export activity, it was brought out in the meeting that few exporters will be able to access the auction. Less than one third of members polled indicated they will be able to meet the requirements to enter the auction. This will lead to an immediate reduction in employment, and of the members at the meeting the number of jobs threatened was in excess of five hundred

"More serious was an estimated reduction of some \$13-million in export sales, and credit obtained for raw material imports which will not be taken up, is expected to be in the region of \$6.5-million.

"Mr. Geoffrey Messado, JEA President, termed the new system fundamentally immoral

as sufficient laws exist to deal with those who are delinquent in their statutory obligations and these should be used.

"The imposition of the new regulations burdened exporters with additional burdens not borne by other users of foreign exchange.

"Mr. Messado also urged members to use the EDF, but pointed out that the fact that it is not being used was a reflection of its shortcomings.

"He said: 'It is not possible, nor should it be necessary to legislate the use of the EDF. The entire system needs to be reviewed to render it more attractive. The EDF must be modified to make it more streamlined, to reduce the cost of the system to the exporter, and to reduce the burden of exchange risk which must be borne by the exporters'.

"The meeting suggested that means should be evolved by which the exporter could go directly to the EDF to obtain funds by paying in Jamaican dollars for foreign exchange requirements up front.

"The EDF should then go to the auction to replenish its dollars.

"This system would place the exporter on a more equitable footing with other users of foreign exchange to can access funds and use them without the excessive risks which exporters must bear because of currency instabilities.

"Members were also urged to make more extensive use of the Bankers' Discounting Facility as a source of funding, and it should be used in addition to the EDF to meet export funding requirements".

It was decided by the meeting that suggestions that had come up to put the export sector in its right perspective in the recovery of the economy be put to the Bank of Jamaica and the Ministry of Finance.

Mr. Messado also issued the following statement prepared for presentation to the meeting.

"It is our belief and intention that the JEA, as the representative body of the export sector, should play a much stronger and more influential role in the development of national export policy.

"The fact that we have called this meeting

today to consider the effects of measures imposed on our activities underlines the need for us to be able to make these inputs

"Is this is done, there will be less of the sudden changes in policy and direction which themselves complicate our activities and create serious problems for exporters.

"We see the development of the JEA into a stronger and more professional service organization as a key to export growth. We must take maximum advantage of the opportunities which enable us to rebuild our organization to meet future needs of the sector.

"If we do not, we cannot expect to gain the measures which are essential to this process, and which experience has proved in so many countries are necessary for such development.

"It is our belief that unless these inputs are made and their value is recognized, the growth and development of the export sector as a growing contributor in the economy will be reduced, and opportunity will pass us by."

JMA Calls for Change

Kingston THE DAILY GLEANER in English 27 Sep 84 pp 1, 3

[Text] A CALL ON THE Government to suspend the newly imposed pre-conditions to participate in auction bids for foreign exchange was made yesterday by a meeting of 150 manufacturers held in Kingston.

At the height of what was an extra-ordinary general meeting of the Jamaica Manufacturers' Association held to discuss the matter, members declared that not only should the Government suspend the regulations which "married participation in the foreign exchange auction to the payment of taxes", it should meet with the JMA "as a matter of urgency" to discuss ways of ensuring a reasonable system of access to foreign exchange.

The meeting's call was embodied in a resolution moved by Mr. Ramesh Sujari, a director, and seconded by Mr. Cyril Bartley, another director.

JMA President Mr. R. Anthony Williams, told members that the new measures would have a "negative effect on the manufacturing sector". This, he said, would be felt in the reduced availability of credit, less access to foreign exchange for raw materials and depressed demand for several commodities, especially consumer durables.

A number of speakers from the floor said that insistence on the new regulations would have the effect of cutting production in the manufacturing sector, as the Export Development Fund was not working effectively.

While the majority of those attending endorsed the resolution calling on Government to suspend the new regulations, four members of the association took the view that, once businessmen paid up their taxes, they would encounter no difficulty in securing access to the auction. One of these, Mr. Hermon Spoerri, of Khaleel's Paper Products, said it had taken him exactly 10 minutes to secure access.

Among the principal speakers at the meeting, at which all areas of the manufacturing sector represented, were Mr. Lester Marsh, of Lascelles Laboratories, who said that the new regulations would cut even more sharply Jamaica's exports to the CARICOM.

Mr. David McNulty, of Jamaica Packaging Industries Ltd., said that while he agreed that people should be obliged to pay taxes, he did not believe manufacturers should be "subject to this policy of extraction", especially considering that the

Export Development Fund was not working effectively. He described the EDF as a "not honourable institution", which changed its rules from time to time to suit itself.

Mr. Williams, who set out the situation in detail, said the J.M.A. had made the point about two months ago that once the proceeds of CARICOM sales began to go onto the auction market, the demand for U.S. dollars would increase. As he saw it, the last statement issued by the Government had confirmed this.

Sources of foreign exchange available to manufacturers were the E.D.F., lines of credit and the auction. If the first two were not working effectively, manufacturers had no option but to take part in the auction, he said.

Mr. Spoerri described the new regula-

tions as amounting to "penalizing the production sector", adding that there were other ways of collecting taxes.

Mr. Tony Barnes, of Grace Kennedy, described the new measures as "unfair", for, he said, a few months ago a number of manufacturers had been instructed to "go out and take credit", and now a number of those bills were due to be paid.

Mr. Williams also complained that the recent proposals had been presented to the association "without any dialogue whatsoever". Government had not attempted to discuss the matter.

And he found it difficult to understand why it had so acted, for a number of the things it had set out to achieve had been done. Firstly, exports to CARICOM countries had been reduced; and raw materials imports had also been reduced.

One member declared that within six weeks the Government had made twelve different policy announcements.

The Association's first Vice-President, Mr. Paul Thomas, cautioned members not to take up a position that could suggest that "we are opposed to people paying NIS, NHT, Education Tax and all the others".

What manufacturers should be prepared to address he said, was the question of the shortage of foreign exchange.

"In seeking to make representation to the Government, what we have to point out is that their monetary and fiscal measures work in the negative context of throwing out the baby with the bath-water, as they work far greater hardship on the manufacturing and the productive sector", he said.

CSO: 3298/064

SHEARER, NEW NICARAGUAN AMBASSADOR EXCHANGE REMARKS

Kingston THE DAILY GLEANER in English 29 Sep 84 p 16

[Text]

The Deputy Prime Minister and Minister of Foreign Affairs and Foreign Trade received the first Ambassador of Nicaragua to Jamaica, His Excellency Dr. Geronimo Valle Martinez, at the Foreign Ministry on September 19.

Valle Martinez, in presenting a copy of his credentials to the Foreign Minister, said that his accreditation reflected his country's desire for frank and cordial relations.

Welcoming the Ambassador, Mr. Shearer noted that Jamaica and Nicaragua had had friendly relations for a long time and that there have been a number of Jamaicans residents in Nicaragua for many decades.

Mr. Shearer expressed concern at the present state of unrest in Central America and Jamaica's support for the efforts to secure a peaceful settlement to the problem.

In reply, the Ambassador said that Nicaragua desired to explore all peaceful avenues for a settlement of and was directly involved in the efforts of the CONTADORA Group to establish peace in the region. Nicaragua was also pursuing bilateral discussions with the United States as part of an overall effort to diffuse the problem, he said.

The Ambassador also pointed out that his Government was using military force against counter-revolutionary forces, in defence of the country's revolution.

Mr Shearer reaffirmed the Government's support for the efforts of the CONTADORA Group to secure peace in the region.

He said Jamaica had taken an early position of support for the 21-point Cancun Declaration to which it was still committed as it was seen to provide a feasible framework for the settlement of the Central American problem. He noted that the Heads of Governments of CARICOM had all recorded their support for this effort.

On economic development and trade, the Ambassador noted the after-effects of the civil war which he said had left his country in a "very bad" economic plight.

He said efforts were being made to increase the use of local raw materials in industry, diversify the areas of economic activity and widen the scope of Ni-

caragua's trade relations.

Mr. Shearer pointed out that Jamaica had wide-ranging trade relations involving countries of varying geographical, political and economic positions.

Noting that Jamaica and Nicaragua faced similar problems, Mr. Shearer said that the process of development which must necessarily be pursued in the future must pay high regard to training and productive efficiency.

Without this, he said, "expanded markets and even preferential treatment would not achieve much, given the experience of developing countries like Jamaica which face stiff competition from more efficient producers, even in duty-free markets under the Caribbean Basin Initiative (CBI), Lome, the Generalised System of Preferences (GSP) and other special trade regimes."

COMMENT CONTINUES ON GOVERNMENT MEASURES AGAINST DRUG DEALERS

Carl Stone Opinion

Kingston THE DAILY GLEANER in English 26 Sep 84 p 8

[Article by Carl Stone]

[Text]

The government's attempt to tax ganja traders represents a new point of departure in the effort to bring pressure on the large flow of exported Jamaican weed into the U.S.

The timing of the tax measure and its coincidence with expressed U.S. concern about the drug traffic and threats to cut off aid to the countries involved all suggest that the government is responding to U.S. pressure rather than carrying out a carefully thought out policy.

Indeed, the taxes seem more to be an effort to drive some ganja barons out of business rather than a serious effort to collect revenue. The policy, however, has important implications worthy of examination.

The difficulties entailed in trying to control this drug traffic are quite formidable. There is so much ganja grown and the air and sea traffic is so extensive that the country simply does not have the means to even cope. So much money is being made that more and more persons are willing to take the risk. There is evidence that some local police are often co-operative towards the trade for obvious reasons related to protection money in some areas of heavy ganja production.

The people who control the trade have so far incurred little risk as unless they are caught with the weed the police or the JDF can't touch them and they can't be charged with drug dealing. The people who take the risks are the hired hands who pack, process, transport and plant the stuff. Arresting these hired hands hardly gets to the root of the trade.

Tax dodgers nervous

Because of this feeling of relative security, the ganja barons have never taken any great precaution to cover up their earnings. They flaunt their wealth and boast about their big earnings. Anyone who moves around Kingston and MoBay can identify some of them just from their luxurious, idle and ostentatious life styles, even without investigating them.

I doubt, therefore, if it were all that difficult for the government to prepare that list of 28, obviously done with the assistance of U.S. Narcotics.

Some persons seem concerned about the government being able to get track of individuals' bank accounts. This has generated a certain degree of nervousness in a country where many persons dodge taxes and are fearful of the current government's efforts to increase the tax intake. This nervousness could well result in some persons keeping more of their earnings overseas.

The ganja barons might well react by keeping larger non-U.S. overseas accounts or by devising ways of laundering their drug money. A few persons have in fact used big ganja earnings here to finance legitimate business enterprises. Had the ganja barons been doing more of this and thereby creating more employment and adding to the pool of foreign exchange that fuels economic expansion rather than blowing away the money on luxuries or keeping it in U.S. banks, the government would not have been able to tax them. If a few more learn the lesson of this tax measure, the economy might benefit.

Another way out, of course is that some skilful middle men with ways of laundering drug money might emerge to handle the finances of the drug dealers in much the same way as Mafia money is being laundered in the U.S. to get the IRS off the backs of the drugs dealers.

• Worrying aspect

Some people are confusing the tax with legitimising or recognising the trade while others feel that it is immoral to tax earnings that are illegally earned. I don't share either view. Far from recognising or legitimising drug dealing, the tax is a punitive measure designed to drive these 28 ganja barons out of business. Clearly, the 28 are being made an example of to try to intimidate the larger number of traders who have not been caught in the revenue net. It is income and not the source of its earnings that is being taxed, and the government has every right to do that if it can substantiate its claim about the quantum of income earned.

Like the Fettiplace case, however, one is left with the uncomfortable feeling that the majority remains untouched; and one begins to wonder why certain persons are singled out when there are so many others implicated. This aspect of the matter is somewhat worrying, but if the policy is to make an example of a few, it is unavoidable.

Quite absurd

Let's be frank about it. The ganja business is expanding, not contracting. As the legitimate economy has deteriorated, more and more Jamaicans from many and varied walks of life have gone into the ganja trade. Someone who ought to know has told me that the ganja crop this year looks like the biggest ever planted in the country's history.

If the estimated value of US\$1,000 million is accurate, then I doubt if even these tax measures, however punitive, will seriously deter the ganja men. Given the U.S. pressures, the government has to try something new; but as the Prime Minister correctly suggests these U.S. interests are expecting Colombian, Mexican and Jamaican governments to solve problems rooted in the increasing demand for drugs in the U.S.

As long as there are buyers, there will be sellers. The absurdity is that U.S. authorities have encouraged drug use by liberating laws governing the users while expecting the trade to decline. That is quite absurd. Moreover, U.S. life styles and culture are increasingly developing drug dependence that is providing expanding markets for the drug traffic. As long as that continues, the fight against drug dealers is doomed to fail; and governments like ours will come under more and more harassment from the U.S. agencies and the U.S. press.

Call for Government Disclosure

Kingston THE DAILY GLEANER in English 28 Sep 84 p 8

[Text]

There will be great sympathy in Jamaica for the statement by the Prime Minister, Mr. Seaga, in the House on Tuesday, September 11, that small countries like Jamaica were doing everything in their powers to curb the illegal drug trafficking. But it was to the developed countries, and he was no doubt referring to the United States, that the drugs were being sent. Obviously reacting to a **New York Times** series blaming countries like Jamaica and Colombia for the illegal drug traffic, he said that it was no use attacking countries like Jamaica which had little resources, without one good plane that could chase an efficient ganja plane, without even a seaworthy craft that could be safely relied on. Jamaica was doing a heroic job with virtually nothing but the sheer guts and heart

and courage, and yet developed countries like the USA, who had all the resources to deal with it, did not seem to be dealing with it.

He was quite right to declare, 'let those countries deal with the drugs and the buyers from their end, for if there were no buyers there could be no sellers.' Indeed, much of Jamaica's illegal drug traffic has been inspired, and depends upon the illegal drug trade in the USA.

In commending the Prime Minister on this aspect of his statement, we urge him to make public the names of the 28 who have been assessed for income believed to have been derived from the trade. For the finger of suspicion is being pointed at affluent and innocent Jamaicans in the absence of information.

SENATE DISCUSSES, APPROVES CIVIL AVIATION ACT

Kingston THE DAILY GLEANER in English 2 Oct 84 p 20

[Excerpts] The Senate on Friday passed the Civil Aviation Act, increasing penalties for illegal use of airstrips and also an Act to further amend the Road Traffic Act providing for a new form of driver's licence as well as extension of the time for renewal from one to three years.

Senator Hart who also steered the Civil Aviation Act underlined the threats to the Tourist Industry, Jamaica's airspace and the health of children that the trafficking of ganja and hard drugs through illegal aircraft landing had been causing.

The situation was forcing the Government to strain all its resources to stop this activity "and by purpose of this Bill we intend to do so," he said, adding pilots had been warned to show extreme caution while flying over Jamaica due to suspected increase in unauthorised flights.

He stated that the Bill intended also to deal with persons who facilitated illegal landing of aircraft as he declared that the penalty for violation of the Act would attract a fine of \$100,000 or five years imprisonment in the Circuit Court or \$20,000 or three years in the Resident Magistrate's Court or both.

He told of some 198 aircraft which were known to have failed in landing while in excess of 15 aerodromes had been destroyed. "It's incumbent on everyone of us to deal with this matter promptly and severely," Senator Hart said.

In her contribution, prefaced with tributes to the new President of the Senate, Senator Jeanette Grant-Woodham and former Senator Dr. Ronald Irvine, Senator Barbara Blake said that the greatest danger with ganja was that of harm to national security and its illegal status linked to the trafficking of guns.

"It's very necessary to safeguard the future of the country, particularly for our children's life and health," she said.

She questioned how successful the Government's efforts would be when ganja distribution in the United States, where it was legal in 21 States, was regarded as a mere misdemeanour. Jamaica could exploit this area in the

production of ganja-related products, she said, noting also that the Government needed to look at laws governing the personal use of ganja which was endemic here.

Senator Reid said he disagreed with the previous speaker (Senator Blake). "It's time we stop and recognise the reality that what we have constitute a mortal danger to society in the form that it has been."

He called for a study to determine what the drug could be used for as he urged that the issue should not be confused by saying ganja was a social relaxant; instead, it was a social destroyer.

The drug trade had bred a private army enforcing underground discipline; and also spreading its tentacles into higher places, which the country could not tolerate. Unless something more than the passing of the Bill was done, the Government would soon find itself captured by the ganja barons, he said.

Senator George Ramacon while stating that the ganja farmers were living at a lower standard than their counterparts growing legal crops, appealed to small farmers to turn to legal crops that would not endanger their lives.

He said he was appealing to local political parties with Socialist and Communist leanings who engaged in trafficking drugs to finance their organisations and break down national discipline to desist.

Senator Lloyd Barnett endorsed Senators Miller and Reid contributions as he appealed for incentives to be put in place that would attract small farmers to go into other crops which did not bear the moral and other dangers involved in the cultivation of ganja.

Senator Charles Sinclair noted that the U.S. had a responsibility to participate in a positive joint effort to eradicate the trafficking of ganja and the illicit landing of aircraft. He lamented that there were law enforcement officers who sought to denigrate the nation's security institutions by their involvement in the trafficking of drugs.

Senator Sinclair appealed to the security forces to try to maintain a standard which demanded and commanded the respect and confidence of the Jamaican people.

Senator Hart responded to the points raised by the Opposition as he complimented them for what he said was the unanimous support given to the measure.

During examination of the Bill at Committee stage Senator Barnett raised concerns as to the "technicality" in determining the value of an aircraft, the definition of aerodrome, as opposed to airstrip and the liability for penalty of the owner/operator of the aircraft vis-a-vis the pilot.

Senator Hart replied satisfactorily on two of the concerns and gave the assurance that he would get an early opinion on whether the owner/operator could be treated with the same defence given in the regulations; if not an early amendment could be brought effect this.

CHARLES CONTRASTS FUTURE GOALS, PROGRAMS OF JLP, PNP

Kingston THE DAILY GLEANER in English 24 Sep 84 p 1

[Text]

The people of Jamaica should choose between "going backward" with Mr. Manley, PNP President, and his programme of self-reliance of the '70s, and "going forward" with Prime Minister Seaga and his programme of economic reconstruction of the '80s, Mr. Pearmel Charles said yesterday.

Mr. Charles, Minister of Public Utilities and Transport and MP for St. Thomas Eastern, was speaking in Prattsville, Manchester, at a rally of the South Manchester Constituency of the JLP.

The people must choose, Mr. Charles said, between "going backward with Mr. Michael Manley and the PNP and going forward with Prime Minister Edward Seaga".

He said the Jamaican electorate had to choose between, what he described as "promises and propaganda" from the PNP, and what he said was the JLP's programme of "performance and production".

Stating that there was a clear choice between the People's National Party and the Jamaica Labour Party, Mr. Charles said the JLP offered "production now" and the

PNP offered "election now."

He said the JLP's production drive which was now on, was aimed at continuing "to seek a path out of the wilderness where the Manley Government had led us and left us. The PNP's election-now programme is to return us to what we have rejected in the '70s and to those who led us in the turbulent paths of the '70s."

Mr. Charles described the PNP as a "confused organisation headed by one of Jamaica's senior citizens, a former Member Parliament and a former Prime Minister who is now a private citizen engaged in lecturing abroad", and said: "He would do well devoting all of his time to the classroom."

Stating that Mr. Manley was calling for a general election four years before it was due, Mr. Charles told his audience: "I want to remind you that in 1980, Mr. Manley announced the date of a general election nine months before the election actually took place, and more than 600 Jamaicans died".

He shuddered, Mr. Charles said,

to think what was likely to happen with the launching of an election campaign by the PNP four years before the election was due.

Mr. Charles said he was reminding Mr. Manley and the PNP that "the torch of political leadership had been passed to a new generation who feared no foe, refused no challenge and would make any sacrifice to "save our country, defend our freedom and protect our democracy."

The JLP, he said, accepted the obligation "conferred on us, possesses the will and the determination to fight for a better life for the poor, seeks to create jobs for the unemployed and to improve the standards of the under-privileged."

The people of Jamaica, Mr. Charles said, had not forgotten the "PNP Motorbike Squad of the '70s, the sounds of M-16 assault rifles ringing in the ears of many, the Cross Street Massacre and the Orange Hall fire are vivid in the minds of many and Estrada and the detention camp for nearly a year during the State of Emergency of 1976, still in the minds of many."

CSO: 3298/064

LABOR MINISTER INTERVIEWED, DEFENDS HIS ACTIONS

Kingston THE SUNDAY GLEANER in English 23 Sep 84 pp 11, 19

[Interview with Minister of Labor and leader of the House of Representatives J. A. G. Smith by Balford Henry on 5 September; place not specified]

[Text]

BH: *Why were you away during the period of crisis in labour in July?*

JAGS: I was away when the Prime Minister made the speech (about the crisis). I got back on the 29th. The Prime Minister's statement resulted from industrial action which began after I left here, because when I left here there was no crisis. I left here about Sunday the 22nd of July.

BH: *Where were you?*

JAGS: "I was on some holidays. It is no secret. I took a short holiday. I went to Belize. The *Gleaner* knows that. That's not a secret. When I came back I spoke with the Prime Minister, he told that he had appointed Mr. Charles to act for a month until the 26th (August), I think. I asked to be sent on holidays, because he also knew that I was going to the Olympics. I took my holidays, then I came back to work."

BH: *While you were gone, Mr. Charles had to take over the conciliation of the JPS dispute?*

JAGS: "Mr. Charles is the Minister of Public Utilities and he has been handling public utilities and various other disputes over a long period. You see one of the things that you have to get in clear perspective, is that until now there has been a method of dealing; when something happens in utilities or in any other Ministry, the Ministry of Labour does not automatically go into it. We give the Ministry (responsible) the opportunity to do such calculations as they think fit. When one of the parties to the dispute report it to Labour it is then that we come into it."

BH: *Some people say that being the substantive Minister it is expected that in a period of crisis you would be in office?*

JAGS: "Agreed. If there was a crisis, then I would have had different considerations. There was no crisis when I left here. In fact, there was no crisis

on Monday the 23rd. I left here Sunday the 22nd. So, it was not a question of a crisis existing. He (P.M.) was dealing with it like he has dealt with so many other matters before. You see, much depends, you know, on how people like yourself report these matters to the public, because the public may well have gotten the feeling from your reports that there was a crisis and I left during a crisis, but there was no crisis when I left here."

BH: *The public probably expected to see you back once a crisis was announced by the Prime Minister?*

JAGS: "If I were away in the normal course of events and something happened people would tell me, but I was taking a short holiday. Now when you have such a situation and something comes up, the Prime Minister, as chairman of the Cabinet, is at liberty to appoint any Minister, or himself, to go into it to deal with it as expeditiously as he feels."

BH: *Mr. Shearer was handling the bauxite/alumina wage talks. Do you see it necessary that from time to time other members of the Cabinet might be needed to handle the various disputes that may arise?*

JAGS: "I am going to answer that very directly but, before I do so, if you look from I became Minister of Labour, you would have seen the range of what has been handled, and you must first make an assessment of whether my handling of negotiations to date gives rise to a feeling, by anybody, that there are any negotiations that have come up to date that I can't handle."

"Secondly, you must remember that in the last bauxite negotiations before this one, I was away. Mr. Shearer started it, he concluded a section of it. Similarly, when Mr. Shearer came into this one, he was both acting as Prime Minister and Minister of Labour, I was away then. Now, if you say to me, it would have been better in your opinion if on my return I had said to him, 'I wish to take it back';

that could have been done. But I was in touch with him, I saw no need to do that.

"I see no peculiarity in somebody with Mr. Shearer's great experience as Prime Minister, union leader and politician, in handling any industrial dispute and in fact any problem you may have, because as Deputy Prime Minister he acts when the P.M. is not here. He is the alternate chairman (of the Cabinet).

BH: But what would happen if other workers seeing the level of increases granted in the bauxite/alumina industry would also wish Mr. Shearer to handle their disputes?

JAGS: "What is the point we are getting to? Are we trying to get at, is J.A.G. Smith competent to deal with the Ministry of Labour? Because, if the answer to that is no, then you must say so and base it on facts. If that is not the answer then I really do not see the line that you are taking.

BH: What about the point that those increases were far in excess of what anybody else has gotten so far this year?

JAGS: "Does that lead you to believe that if I had concluded it they would have gotten a smaller increase? The track record might well point that way, but what does that say. You would have to wait until when I concluded a bauxite round and see the level I concluded it at.

BH: But you have never dealt with the bauxite pay talks?

JAGS: "But you have only had two (since I have been Minister).

BH: And they were for two years?

JAGS: "But in the period you only had two. I will be here for the next one, I think.

BH: Do you think that not having been effectively involved in industrial relations prior to taking office creates problems for you?

JAGS: "Quite frankly, I don't think any of the Ministers of Labour, with the probable exception of Mr. Newland, came here with any previous experience in industrial relations. What I came here with that many of the others didn't have, was a certain level of administrative skill and a certain knowledge with having sat with unions before in my

normal profession. But I don't think that to be a Minister of Labour you ought to be a proven negotiator.

BH: What about the criticisms levelled at the conciliation branch of the Ministry?

JAGS: "Quite frankly, I don't think anybody in Jamaica who is clear-minded, could have anything else but the highest praise for the track record of the conciliation staff of the Ministry since Independence. We have had some real stalwarts here. In fact, if you look inside every private company they have recruited from the conciliation branch of Labour."

BH: Doesn't the IMF take an interest in wage agreements reached at the Ministry of Labour?

IMF interest

JAGS: "The IMF must necessarily take an interest and in our letter to the IMF, we gave them some, what you would say we hoped would transpire within a year. If you take a broad base of a year to say that you expect or you hope to achieve something, you have to set some goal or target. To the extent that you make it, you are within what you hoped. To the extent that you don't you had better have a good reason why you haven't. But, apart from strictly quantitative guidelines, you could never lay down any straight parameter, and say on no occasion you are going to go above 'x' percent and then have free negotiations taking into account ability to pay, rate for the job and national interest.

BH: But wasn't 15% suggested by the Prime Minister in a meeting with the unions?

JAGS: "The Prime Minister was speaking as Prime Minister as well as Minister as Finance, and he also speaks as being the man responsible for funding the pay packet of the largest pool of labour in Jamaica and that is the public sector. So he must have and particularly because he is Minister of Finance, he must try and impress on the unions and on employers what it is that he as Minister of Finance and Cabinet chairman is hoping to achieve in the one year."

Fair Play

BH: But isn't that a signal to the conciliators here?

JAGS: "Yes, it is a signal to everybody in Jamaica that this is what you are aiming for on a broad canvass of a year. But, it doesn't mean that you are not going to have some that go at 5% or some at 18%. You are taking each case on its merit, and this is why I am so happy and so struck by the policy (Government's wage policy) which is still intact despite the many changes from 1981 to now. And when you look at it, greater credit ought to be given to the Ministry of Labour for evolving such a policy that is eminently fair, and allows us to use that policy of fair play, maintaining free negotiations throughout the vicissitudes of fortune and the changing times in which we live.

BH: But some people insist that these are guidelines?

JAGS: "That insistence comes merely from people who wish to set up something to protect themselves. People who wish to complain against something. People who wish to get say 18% or 20% in a scenario where they fear that applying the normal criteria they won't: would it not be to their advantage to say that, 'we think that this 15% is really a guideline.' That is why on three occasions I have had to remind them, not just the unions nor the employers but the country at large, that the Government does have a wage policy.

BH: What is the difference between wage guidelines and wage policy?

JAGS: "There was a time when we had guidelines which said so much percent. Now, when you have quantitative guidelines that say so much percent you have guidelines that say don't go over it. The big difference is the quantitative, because once you put these four planks on which our policy rests then, it tells you that some people are going to get more than others; and it does tell you when you couple that with what the country is aiming at for a year, that what the aim is, is that it will come on balance statistically after a year. Nothing wrong with that. To the extent that we might not make it, we already know some of the disadvantages of not making it.

BH: What sort of relationship is there between the Ministry and the Industrial Disputes Tribunal?

JAGS: "They are at Slupe Road. I hardly ever go up there. There is not too much traffic between us. We get reports from them periodically, certainly once a month. We send cases to them, if they want to have an opinion on any point at all I would imagine they would ask us. If we wanted to get an opinion from them on anything we would ask them. If we wanted to have a particular dispute heard fairly quickly we would ask them if they could hear it quickly. If we felt a dispute up there was not progressing we would ask them why. A normal relationship that one ought to have with a tribunal.

"But if you are referring to the possibility of our telling them what they should award, then I don't think that question, in the light of what I have said recently, should really emerge."

BH: Are you satisfied with the performance of the tribunal?

JAGS: "I think that in terms of the cases that they have disposed of, they have probably done better than they were doing before. I think and I aim that they will not get into a position of being an automatic flush, that we flush through to and we will only refer matters to them that we can't handle. I don't think they have been under any great strain.

BH: Isn't it a fact that awards are often made by the tribunal one year after disputes have been sent there?

JAGS: "That is something they are correcting now, because we can correct that by encouraging them to get the parties to the table more rapidly. But much of that is caused by the fact that lawyers are now being employed by both sides,

and much of the delay is due to the lawyers not being able to attend. I suspect that the tribunal will be a little tighter in the future on those people who wish to delay, either for legal or for any other reason. For example, the reason of not putting in briefs, which is another matter which delays them sometimes.

BH: *Are you satisfied that there are enough panels?*

JAGS: "Well, the work load there at the moment does not indicate that we need to expand immediately. Anytime that the workload does, we will not only be willing but Government is committed to expanding and strengthening the tribunal as necessary. But that decision I will take when I see the workload getting to the point where I think they need it. At the moment, I believe that they can cope with what they have.

BH: *What are the problems with the minimum wage section of the ministry?*

JAGS: "What the helpers and some other categories do is to come to get the Minimum Wage implemented, because some people who employed them don't pay the minimum wage. So far as I know, we don't have any backlog on those cases.

BH: *What do you do when these matters are reported to you?*

JAGS: "We call in the person or we contact the person to get the facts on the other side, because quite often you have two sides to a story and we try to get both sides. Then we take the action that is required. If we find that an employer is taking an advantage of a worker, we advise them and we have never had to do more than advise them because they are corrected automatically. We have never had a case where we have had to send it somewhere to be resolved.

BH: *Do you find that a lot of people who are not unionised come to the Ministry for assistance?*

JAGS: "I wouldn't say a lot, but we do have people who are not unionised who have to have recourse to Labour to get their disputes with their employers dealt with and our track record is good. I am not aware of any overload there. The area where I have deficiency is in the overseas employment.

BH: *I have heard stories of people using other people's name and so on on the programme.*

Chequered history

JAGS: "The history of the farm work programme is a very chequered one. Until 1981, we used to have people selling farm work tickets, or so it was said. I am pleased to say, as I have said

in Parliament, that there has been marked improvement during the time I have been at the Ministry. We have put in many more systems and checks, and the chances of impersonation have been reduced by so much that it is not really a serious problem now.

BH: *Has anybody been arrested?*

JAGS: "Oh yes. Not so much in 1984, but certainly in 1983; in 1982 and 1983."

BH: *What sort of things are they arrested for?*

JAGS: "Selling farm work tickets, selling influence, or impersonating other people. I use the word ticket loosely; selling influence or impersonating a person, those are the main ones. Our system is so good now that in 1983 we were able to even track down somebody who had somehow done an impersonation job and gotten overseas, we caught them and brought them right back."

BH: *Who do these impersonations: the people who work with the ministry or the people who want to go on the programme?*

JAGS: "Well, it stems from the people who want to go and because things tighten up, people who want to go are prepared to pay money to go. And, there is either somebody who is going to tell them I know a man and so on, who might not have anything to do with Ministry of Labour: or it might be a person in a lowly position in Labour who don't really have anything to do with the system but claims to be able to do a thing; or, somebody approaching somebody to buy him out. We have upgraded our fingerprint system, sent people for special training with the police. We have a much more highly computerised programme.

"We have removed the payments to the farm workers from the centre at King Street where a lot of racket and hardships use to occur. They are now paid through the National Commercial Bank at 11 locations. What we do is, when the farm worker is leaving we open a bank account for him and we pay the money into the bank. When he wishes to withdraw money, it becomes a normal banking transaction and everybody does not have to come to Kingston anymore.

"Those are some of the improvements that have taken place and they are legion. Now our problem is staff, and we are caught in a bind that it is even more difficult for us now to get the staff because the Government has frozen many of the posts; and, again in that time when you really need to be upgrading. We have some people who have been working there long and got their skills training on the job, but because they didn't have the basic academic qualifications they can't go easily through the system, from what I am told. I can assure you that we have done wonderful things with that programme. I am not telling you

it is perfect, but each year we try and learn from our mistakes. I am quite proud and pleased with the progression, thinking of where we are coming from.

BH: *What about the registration of people for employment?*

JAGS: "Well that section suffers from many disadvantages. The first one is that the employers generally do not come to the Ministry of Labour to recruit staff for middle-management and low middle-management jobs. What you find we get requests for are unskilled jobs like household helpers, drivers, handymen and so on, and to that extent we do quite a good placement of jobs. But because there are so many unemployed people, we are not really getting to the level that would be required to make a serious dent into the unemployment figures. If more people (employers) used the Ministry then we would have a better chance.

BH: *As the Leader of the House, do you think that the programme of public participation in Parliament is working satisfactorily?*

JAGS: "First of all, I would say you have to recognise what the Government intended to do. What the Government intended to do was to create a vehicle whereby people who wish to participate could participate. That has worked excellently, because the vehicle has been there and the crux of that is that people have been able to participate.

"As to the level of the participation and the regularity with which people use it, we haven't been recruiting people to use it: it is up to the people. It is not a thing that we are using it as something to cool the public, by trying to get some party faithfuls to come in and butter up the Government. We haven't been trying to do that. Our job was to create the vehicle that citizens who felt they wanted to come in and have a say had the machinery there for their use.

BH: *What do you think of the public's use of it?*

JAGS: "I think that the public hasn't made as much use of it as they might have...

BH: *What about the Local Development Programme? Are the MPs making the best use of it and was it necessary?*

JAGS: "Let me tell you first of all my understanding of the programme. Members of Parliament complained what they didn't have any money at their disposal to fix the things that they felt needed priority attention; because all the years if it was a matter of roads it would be Public Works or Local Government who decide what roads should be fixed without any reference to the M.P. The M.P. therefore, if he had a specific road to be fixed, had to be going to the Minister to seek to get an M.P.'s grant to hope to

do it, but then he wouldn't even know whether or not Public Works or Parish Council had already planned to fix that road. So the M.P. complained, and out of all this and because money was tight, it was decided by the Prime Minister to give each M.P. an allocation of $\$ \frac{1}{2}$ million.

"How did that come about? Because of the trimming from other Ministries. And so it meant now that there had to be a co-ordinating body to sanction that expenditure so the M.P. doesn't just say, 'well I have half a million dollars, boy I going spend it off down here so.' The M.P. has to make up a programme and in that programme he has got to say so much for Ministry of Education and so much for Ministry of Works, so much for Ministry of Local Government and so much for Health and attach a list and schedule to say what he wants to have done. When that stage is passed, we have a specific co-ordinating committee looking at them. When it is passed by this committee, the Ministry of Finance is advised to release the money to the Ministries as indicated.

"Obviously it has to be planned according to the availability of money and so the first allocation out of that was \$100,000 for each M.P. Those have all been passed and are on the road and the work is either done or being done. The second allocation was \$200,000 for each and those applications are all in now. Some have been passed and probably by now all would have been passed, I don't know, I can't say, I am not on that co-ordinating committee. But I can tell you from general knowledge that that is also progressing well. That leaves for the rest of the period up to March another \$200,000. Now I do not think that it is likely that we are going to do another allocation in September because we have in some cases in which the programmes are still going on.

BH: *All 60 M.P.s got their first allocations?*

JAGS: "All 60 M.P.s put in their applications and all 60 M.P.s got their allocations. And to my knowledge work has started in all 60 constituencies.

BH: *How in your view has this Parliament stood up to the challenges of being the first one-party parliament in our history?*

JAGS: "Nobody could have known how it would work, and I think that on balance it would be fair to say that it has worked better than most people would have been willing to hope. Within the compass of how the Parliament has been run we have had M.P.s being able to make criticisms and to make suggestions that perhaps, one might have thought at the beginning that they might have been reluctant to make. The history of it to date has been a good one.

BH: *And the coverage?*

JAGS: "The media has shown a bias to particular Ministries at the expense of other Ministries... speaking from where I see it, I think that it has shown a tremendous bias in favour of particular Ministries."

BH: *Ministries or Ministers?*

JAGS: "I am talking about Ministries not Ministers, but it would stand to reason that Ministers who happen to have Ministries that fill the eye or are getting a favourable bias would do better insofar as reporting than others."

CSO: 3298/064

TERRORISM, DRUG LINKS CALLED THREAT TO NATIONAL SECURITY

Government Statements

Kingston THE DAILY GLEANER in English 2 Oct 84 pp 1, 3

[Text] THE MINISTER OF NATIONAL SECURITY AND JUSTICE, the Hon. Winston Spaulding, declared last night that there was "a very serious threat to the security of this country" as indicated by the gun-killing of a policeman Sunday afternoon, the fifteenth slain by gunmen since this year.

Earlier, Police Commissioner Joe Williams yesterday said the upsurge in criminal activity, which has left six persons dead by gunmen since Thursday, was serious. He linked the slaying of two policemen in the lot, to terrorists with drugs and ideological connections.

Top level meetings of the security authorities have been going on round-the-clock since Sunday, mapping strategies to fight the crime upsurge.

Latest policeman to be killed was A/Cpl. Herman Williams, 32, attached to Motorised Patrol Division, who was fatally shot by a high school student on Sunday afternoon.

The schoolboy was killed by a police patrol in the area. They had heard the shots and rushed to the scene to see A/Cpl. Williams with four bullet wounds, holding on to his assailant. Reports said citizens stood by and made no move to help.

A/Cpl. Williams was shot dead by the schoolboy a stone's throw from the Rockfort police station in Kingston. He was the fifteenth policemen to die by the hands of gunmen since the beginning of the year.

In a statement Mr. Spaulding said. "The circumstances of this killing are particularly significant and indicate a very serious threat to the security of this country. The statement by his assassin before his death that he was part of a conspiracy with other well known terrorist elements from the Wareika hills to kill any policeman who was at this well-known hangout for policemen, is frightening."

Other Police Slain

Early Friday morning, Constable George Brown, also attached to the Motorised Patrol Division, was shot dead by gunmen with high-powered weapons when he went to investigate a burglary report in Greenwich Town, Kingston.

When police and military reinforcements rushed into the area, one of the gunmen was shot dead in a shootout and a shotgun recovered from his body. Last week Monday, two constables on foot patrol were shot and disarmed by a lone gunman, who escaped, two blocks away from the City Centre police station. One had to be hospitalised in serious condition.

Commissioner Williams (wearing a black arm-band) spoke yesterday at the informal opening of the Staff College at the Police Academy where 20

inspectors are to do a four-week course. He said in part: "Unfortunately, at this moment there is a level of horror and shock as a result of criminal activities islandwide and this has culminated in the death of five persons over the past few days, including two policemen."

"This level of criminal activity is certainly one which is to be abhorred by all members of the Force and every law-abiding citizen of this society. The pattern which is clearly emerging is that these killings are linked with organised terrorism which include strong-arm elements of the drug trade, certain terrorist connections and ideological drug linkages."

"It is with deep regret that I inform you that the situation is most serious. However I wish to assure you all as law-abiding citizens, as well as my officers, sub-officers and men, that no expense will be spared to deal with the situation and to bring in these gunmen."

"From yesterday (Sunday) afternoon until late last night and again from very early this morning until just about an hour ago, I have been in discussions with the Hon. Winston Spaulding, Minister of National Security and Justice, along with members of the Police and and Military High Command, mapping out firm and concrete strategies to deal with this very serious situation."

"I have left my other top officers in conference along with their counterparts from the military and I will be returning to join them almost immediately."

"Again I wish to assure you all, both policemen and citizens, that no stone will be left unturned until the perpetrators of these dastard and cold-blooded murders are brought before the bar of justice."

"I ask all members of the public to co-operate with the police and all members of the security forces, and to give them all

the information, because without full co-operation of the public our success will certainly be curtailed.

"Very shortly the strategies which we are putting in place will be effective. We must now join together to put an end to the monster of crime which has been plaguing us for too long."

An official police report on A/Cpl Williams' death said: "A/Cpl. Herman Williams, 32, of Motorised Patrol Division, was shot and killed about 1 p.m. on Sunday along the Windward Road.

"A/Cpl. Williams, who lived in the area was off duty and was standing at a shop at the corner of Oliver and Windward Roads, at a spot usually frequented by other policemen. A lone gunman approached him, and without saying anything fired at least four shots into his body.

"A police patrol which was nearby responded to the gunshots and came to A/Cpl. Williams' assistance. The gunman was shot in the incident and a .38 revolver with five spent shells recovered from him.

"The attacker was identified as a 16-year old High School student of a Commission Road address. He also died on reaching hospital.

"Before he died, the youth stated that he was given the gun by two named criminal terrorists from the Wareika Hills area, East Kingston, who told him that any policeman he went down the road and saw, he should shoot or else they would kill him and his entire family.

"Special raids and operations are being carried out in the area to locate these and other known criminal terrorists.

"Arising from the incident, the Minister of National Security and Justice had a top level conference with the Commissioner of Police and the CIB's Chief. This will be followed up by another meeting early this

morning (Monday) with the Minister, the Commissioner of Police and top officers of the Force into the gravity of the situation.

The PNP and the WPJ issued statements on the killings.

President of the PNP, Mr. Michael Manley, said "the society can no longer tolerate the wanton loss of lives which

occur almost daily, be it members of the security forces or private citizens.

"I condemn and deplore the killing of Acting Corporal Williams and urge that the nation unite in ridding the society of this scourge of gunmen.

Another PNP statement, under the signature of General Secretary Paul Robertson, said: "The People's National Party repeats that the society will be unable to

get the production necessary to lift the country out of its present economically depressed condition if the almost daily loss of life continues unabated."

And, another PNP statement, from east Kingston where A/Cpl. Williams was killed said: "The constituency representative of the PNP for east Kingston and Port Royal has urged the police to increase patrols in the Windward Road area because of citizens' reports of harassment from gunmen who have been firing shots in the D'Aguilar Road area in broad daylight.

"Mr. (Carlyle) Dunkley (constituency representative) made this report to the Area 4 police following reports of intense molestation over the last three weeks in particular. It was reported to him that men, some of whom are on the wanted list, have been terrorising citizens.

"Certain other details have been furnished to the police as to the identity and background of these assailants who do not normally reside in the area.

"In the meantime, Mr. Dunkley has also requested increased police patrols and presence in the Doncaster area because of daring daylight robberies that have been occurring, involving a number of armed men. He has expressed the view that the Rockfort Police station needs increased personnel and mobility to cope with this infiltration of crime in the area."

The WPJ in one of two statements said that the killing of A/Cpl. Williams was senseless and deserving of the fullest condemnation.

WPJ's caretaker for south-west St. Andrew constituency, Mr. John Haughton, in which Constable George Brown was killed by gunmen on Friday, in a release said: "The party, as well as all honest citizens of the area, regret his death, all the more because it might have been avoided, had the police taken measures requested by the local Party branch to deal with the gunmen known by the people to be based in Tivoli Gardens and who for nearly two years now have been robbing and preying upon the community."

From reports reaching the Gleaner and from investigations by the Gleaner, there have been on-going feuds between gang and political elements in east Kingston, west Kingston, and taking in outlying ghetto communities, since the beginning of this year.

Spaulding on New Initiatives

Kingston THE DAILY GLEANER in English 2 Oct 84 p 1

[Text]

Definite measures to deal with the crime situation are to be taken by the Security Forces, the Minister of National Security, the Hon. Winston Spaulding, said in the following statement last night:-

"Government views with the utmost gravity a series of recent acts of gun violence against civilians and policemen, ending in the most recent killing of Acting Corporal Herman Albert Williams of the Motorised Patrol Division.

"The law-abiding people of Jamaica must be shocked and outraged at this assassination of Acting Corporal Williams at the intersection of Oliver Road and Windward Road yesterday.

"The circumstances of this killing are particularly significant and indicate a very serious threat to the security of this country. The statement by his assassin before his death that he was part of a conspiracy with other well known terrorist elements from the Wareika Hills to kill any policeman who was at this

well-known hangout for policemen is frightening. Intensive investigations so far by the police have unearthed further information connected with this affair and which fits in with earlier intelligence reports.

"What is clear is that the terrorists who operate from and are connected with this base of criminality have been responsible for a substantial number of the violent acts of criminality carried out in various sections of the island over a period of time.

"From the abundance of information in the hands of the Security Forces, some of these men are specially trained and highly motivated persons who constitute a special threat to the security of this country. It is for these reasons, among others, that additional initiatives have had to be taken to deal with this special problem in that area including the recent setting up of a joint Police/Military base camp.

"I have had a series of meetings yesterday and today with the Police and Military Command who will be taking certain definite measures to

deal with this situation.

"The information at hand clearly demonstrates that while the Security Forces as usual have inevitably a very critical and special role and responsibility in dealing with this national problem, they cannot acquit that responsibility unless the society and its key institutions in particular take a very definite stand on certain fundamental issues involved.

"As publicly indicated by me recently I will be dealing with this entire matter fully in Parliament. In the meantime I would like to assure the public that the Security Forces have collated a great deal of information which should be of considerable assistance in dealing with this grave situation.

"I repeat my appeal of last week to the country as a whole to co-operate with the Security Forces. To the people in these troubled areas in particular I ask you to be of special help to the Police and Military operating in these areas and to understand the basis of their presence in your respective communities."

Details of Kingston Activities

Kingston THE DAILY GLEANER in English 2 Oct 84 p 1

[Text]

AT LEAST 150 persons were detained by the security forces in east Kingston in a two-hour operation on Monday, starting near dusk, following the shooting of a policeman the day before.

No arrest was made but the police were yesterday interrogating those held in connection with criminal activities committed in the area recently.

At press time last night police, backed up by soldiers, were continuing their patrol of the area, which has been plagued by gunmen and in which a policeman, the fifteenth to be killed by gunmen this year, was shot on Sunday.

In the wake of the upsurge of criminal activities, especially involving the gun, in which at least eight people have died since Thursday, the

Police High Command have been holding round-the-clock sessions to map strategy to clamp down on the criminals, and when a **Gleaner** reporter visited the Police Commissioner's Office yesterday afternoon he was in session with his senior officers on the situation.

The foothill communities in east Kingston have come under pressure by alleged terrorists from the Wareika Hills and since this year there

have been many reports of violence, including several deaths.

Minister of National Security and Justice, the Hon. Winston Spaulding, on Monday said terrorist elements were a threat to the security of the country.

A joint police/military post was recently established in east Kingston.

Police Commissioner Joe Williams linked the killing of police to drugs and ideological connections.

Since last week Monday two policemen have been shot dead and two shot and injured by gunmen in the Corporate Area.

Caves said by security forces to be used as dwellings by the Wareika

Hills alleged terrorists have been dynamited by the Army.

Reports reaching the **Gleaner** are that the terrorists on the approach of the security forces flee over the hills to August Town or down to the Seven Miles area of Bull Bay.

The terrorists seem to be well-equipped and trained. Security forces in operations in Wareika Hills have found what they claimed to be communist literature, literature on guerrilla warfare, ammunition, army uniforms, two-way radios and telescopes. These lawless elements reportedly have lookouts posted to warn them of the approach of the security forces.

Skepticism on Assassination Story

Kingston THE DAILY GLEANER in English 3 Oct 84 p 8

[Article by Carl Stone]

[Text]

IN THE 1970's matters relating to the country's security and the safety of elected political leaders became so enmeshed with political propaganda campaigns that when PNP officials pronounced on them only the ideological zealots in the PNP and the WPJ listened.

Stories of plots to destabilise the country, to kill Prime Minister Manley and to orchestrate military coup against the PNP government were circulated constantly and pronounced on at political rallies with great frequency in the 1970's. Neither of these plots ever came to pass and most of us came to the conclusion that they were fictional items of an ongoing production of leftist political theatre that ought not to have been taken very seriously.

After the Spy Robinson fiasco and the great doubts that were created about the genuineness of the case for the 1976 State of Emergency, the country has quite rightly become cynical about attempts to play politics with serious national security issues.

Against the background of these events and these experiences, I would be very surprised if many persons beyond the hard core JLP followers took very seriously the Prime

Minister's statement that the security forces have unearthed a plot by ganja dealers to take his life.

Our political leaders have called "wolf, wolf" far too often on these security matters and the real danger is that if and when the security threat is real most of us will not take it seriously.

If indeed the Prime Minister's announcement had been accompanied by another announcement that persons have been detained for questioning in connection with this alleged plot there would be no room for cynicism and no basis for trivialism the Prime Minister's expressed concern about his personal safety. But the statement that the government knew who the hired assassin is and has plans to deal with the matter reads like leaf taken from the book of political theatre we were exposed to in the 1970's.

The problem with all of this is that on the basis of what has happened in other countries it is very credible that drug interests could be plotting to eliminate Mr. Seaga. In Bolivia, for example, the Justice Minister who had carried out a sustained campaign against coke dealers was recently assassinated there.

The confidence that people repose in the statements of national political leaders is not a

matter to be trifled with either by those leaders or by the public.

The handling of this matter by Prime Minister Seaga was in my view, most ill-advised and unfortunate because the gravity of the allegation demanded police action and criminal proceedings rather than a political statement that some ill interpret as a skillful act of political theatre designed to convince U.S. interests how much of an adversary of drug interests he has become.

The issue becomes even more complicated by the fact that there was a rumour of a plot to assassinate the Prime Minister circulating in Kingston even before he made the announcement about the taxing of the ganja dealers. Whether the rumour was a warning from hostile interests antagonistic to Mr. Seaga's policies or was part of some effort to prepare the next scene in political theatre we will probably never know.

On the other hand, if the Prime Minister is simply a victim of the society's passion for rumours in much the same way that Mr. Manley was entrapped by Spy Robinson's complex web of skillful political anancyism, it would be most unfortunate because the handling of this matter could well undermine the credibility of what he has to say about these matters in the future.

Like the boy who cried "wolf, wolf" once too often, no one might be listening when real and imminent danger to national security and the personal safety of our leaders demands that we be

alerted.

If indeed the government has any credible evidence that there is a plot afoot then the people known to be involved should be locked up to face criminal charges. If the evidence is not of that quality then there should have been no public statement and the security forces should have been busily trying to put the evidence together without the distraction of a political statement.

The Government, in my view, most likely heard some genuine rumours about an assassination plot. The fact that the matter is being handled in this fashion leaves me with the impression that contrary to what Mr. Seaga says he does not take the issue seriously in much the same way that I did not take seriously the rumours I heard about an assassination plot even before his 100 million dollar tax bite of the ganja dollar was announced.

If both Mr. Seaga and myself are wrong in treating this issue lightly and there is a real and genuine security threat we can only hope that the plans he talks about are not just the product of idle political talk but represent a serious security readiness to protect his life and to deal with any group foolish enough to believe that they could dare to try to kill one of our elected leaders and hope to get away with it.

PNP, WPJ Reaction

Kingston THE DAILY GLEANER in English 5 Oct 84 p 3

[Text] The People's National Party has said it views with alarm and extreme concern the discovery of weapons and ammunition at the Norman Manley International Airport on Tuesday which came in consigned as foodstuff.

In a statement on Wednesday, the Party recalled that this is the second such cache of arms to have been discovered by the Security Forces within the past five months, and it wondered how many more weapons may have found their way into the society without detection.

In May of this year, the statement said, a cache of arms was discovered on the wharves and despite repeated calls by the Party, the society is still to be told to whom the arms were consigned. It asked whether any arrests have been made and where are these weapons?

It added that after repeated calls for the Security Forces to provide the country with information about the weapons, the People's National Party made public, information which came into the possession of the Party concerning the weapons. Despite this, the country was treated to further silence...a silence which has not been broken.

The country is now being informed about another cache of weapons and ammunition. While the country has been told that a suspect is being questioned concerning the discovery of the weapons and ammunition, information to the People's National Party suggests that the relevant authorities are in possession of information which could lead them to apprehend other suspects.

The People's National Party does not propose to let this matter be swept under the carpet, the statement said.

The Party has called for the most thorough investigation" into how the arms came to Jamaica, its source of origin and that the full weight of the Law be brought to bear on those responsible, without fear or favour.

It also called on the Police Commissioner to reveal as early as possible the names of the person or persons to whom the weapons were consigned.

The Workers Party of Jamaica also issued a statement on the arms find. It said that unless the Police High Command and the Government showed a real intention to stamp out gun trafficking by publishing the name to whom Tuesday's illegal shipment of arms was consigned, Jamaicans will see in the discovery nothing but a further attempt to create an atmosphere for imposing a State of Emergency.

CSO: 3298/061

SPAULDING DENIES MANLEY CHARGE OF POLICE STATION SIEGE

Kingston THE DAILY GLEANER in English 4 Oct 84 p 3

[Text]

The Minister of National Security and Justice, Hon. Winston Spaulding, has denied a statement by Mr. Michael Manley, President of the People's National Party, published September 21, that the Denham Town Police Station had been under siege some days before by gunmen openly brandishing guns and that the telephone wires were cut, thereby leaving the station without telephone communication.

Mr. Spaulding said the statement implied that the police were powerless to act in the face of this attack and he asked the police to advise him about the basis of "this frightening allegation". In a statement yesterday he said that he had been advised "that this allegation is without any foundation whatsoever".

Earlier this year, the Minister said, he publicly denounced this PNP practice and alerted the country of this strategy on their part. At that time he warned that the PNP had embarked

on a campaign of making absurd statements about security matters, knowing them to be false and not caring whether they were true or not, in order to incite, demoralize and divide the Security Forces.

"Related to these baseless allegations, various false reports were circulated over the police circuits by persons who were evidently part of a campaign of misinformation and mischief. These tactics are only playing games with our security and making an already difficult and complex security problem bequeathed to this administration more difficult.

"I will be dealing with a number of issues related to these and other matters connected with crime and national security in Parliament shortly. However, in the meantime, knowing the possible effects of these irresponsible and false statements, I make yet another appeal to the public not to allow them to cause further insecurity on their part," Mr. Spaulding said.

CSO: 3298/063

FARMERS UP IN ARMS OVER LOSSES TO PRAEDIAL LARCENY

Kingston THE DAILY GLEANER in English 4 Oct 84 p 3

[Text]

ALARM AT THE threat to the livestock industry in the Hartlands-Bushy Park area of St. Catherine and to the citrus and coconut industries across the island, posed by praedial larcenists, has been raised by the leadership of the Jamaica Agricultural Society at its October meeting, held at its headquarters in Kingston, yesterday.

JAS President Courtney Fletcher told of heavy losses of cows and goats and the robbery of 7,000 lbs. of fish valued at \$25,000 from one fish pond in the area. The cows and goats were being slaughtered at informal slaughtering facilities and the meat stamped with forged meat stamps, he said.

As he told of the farmers' losses, Mr. Fletcher called on Government to establish legal abattoirs and to police these slaughter-houses to ensure that all animals were slaughtered there.

At the same meeting, the Minister of State in the Ministry of Agriculture, the Hon. Anthony Johnson, pointed to the finding recently that praedial larceny was costing farmers \$38 million per year and that the action of these thieves served as a disincentive to the industrious farmer.

He examined in detail, the functions of the 116 agricultural wardens appointed to enforce the provisions of the Praedial Larceny (Prevention) Act since January of last year and compared these with those of regular policemen. Of 1,062 offences detected between January 1 and August 31, this year, agricultural wardens had done 429 arrests and the regular police, 682 arrests. About 508 of these offenders had already been convicted, 84 had been acquitted and 420 still awaiting trial.

Stating that despite the stiffer penalties, which included fines and terms of imprisonment, praedial larceny continued to plague farmers' activities, Mr. Johnson urged the JAS to work in conjunction with the farmers and the agricultural wardens and Police to try to control praedial larceny.

Mr. R.J. Uter, of Manchester, said praedial larceny of citrus in his parish had reached such serious proportions, that some farmers were thinking of getting out of the crop. He suggested registration of farmers and higglers. Such a system would oblige the farmer who sold to a higgler to issue a slip, and the higgler who sold, wholesale, to do the same. "The fact is that a system needs to be set up by which law enforcement officers can easily determine the ownership of produce or its source of origin."

Joining in the call for action to curb praedial larceny were the National Champion Farmer, Mr. Michael Black, who was a special guest of the occasion; Lister Johnson, rep-

representing Commodity bodies: Mr. L.L. Telfer of St. Thomas and Mr. Noel F (Bishy) Walker of St. Mary.

Mr. Johnson said that some farmers were threatening to run bulldozers through their citrus groves, because although they had put dogs in the groves, the praedial thieves continued to invade them.

Mr. Telfer called on the farmers to support the activities of Agricultural Wardens and policemen in their area, and he called on them to assist a number of policemen, who had been suspended after they were alleged to have beaten a man caught stealing goats in a section of the countryside.

Mr. Walker charged that the Jamaican nation had "dropped the baton of integrity and was now on a path of dishonesty." The country, he said, "has gone morally, socially and economically off course." He called on everyone to "get back to the basics of training the children about the principles of honesty and integrity," predicting that if the country returned to those principles, it would correct praedial larceny.

CSO: 3298/064

BRIEFS

PRICE INCREASES--The National Consumers' League said in a statement on Friday that it views with "very grave concern" the continuing steep increases in general basic items, so necessary to the health, nutrition and well being of consumers. "The latest increase relating to rice, saltfish and chicken necks and backs," the League said, "have shocked consumers and have made rather fragile the already threadbare existence that the poor and needy, the unemployed and the sick, the aged and the forlorn, have to endure." The League has appealed to the Government to "dig deep down into the reserves of wisdom and good management and to find urgent solutions, real solid solutions, to the depressing litany of complaints and suffering." The League also recommended that consumers must act in their deepest self-interest, "to reject and boycott as much as possible these high-priced products", to experiment and make use of any available substitutes, to turn diligently to preparing the home or kitchen garden. The League has appealed for public membership support "as this support is vital in enabling the National Consumers' League to represent the interest of the consumers in general, in the manner in which these interests demand representation". [Text] [Kingston THE DAILY GLEANER in English 1 Oct 84 p 3]

CSO: 3298/064

NEED TO INCREASE AGRICULTURAL PRODUCTION UNDERLINED

Caracas EL UNIVERSAL in Spanish 10 Sep 84 p 2-2

[Article by C. R. Chavez: "Agriculture Incapable of Responding to Expansion of Demand"]

[Text] The acceleration of consumption due to the gradual rise of family income during the second half of the last decade quickly expanded the demand for agricultural-livestock products. The Venezuelan agricultural economy has been less and less able to respond to the needs of an expanding demand, according to Venezuelan management leaders at a seminar held in Maracaibo by the IACCP more than 2 months ago. The following are some of its conclusions.

During the current democratic period, the general behavior of the Venezuelan agricultural sector could be summarized by the following results: the achievement of an annual average accumulative growth in the agricultural product of about 4 percent, a large increase in production per worker, some improvement in yield per hectare and per animal unit, major expansion of the agricultural frontier, the expansion and diversification of production systems and the establishment of a technical-productive base.

The conclusions indicated, however, that this production growth has not been able to satisfy the great expansion in demand in the second half of the 1970's. Consequently, the traditional gap in imports expanded again to provide almost half the total supply of foods and agricultural raw materials.

The overvaluation of the bolivar which means cheap imports was the main obstacle to national agricultural development. The policy of exemptions and subsidies is based on anti-inflationary objectives and apparent protection for the consumer rather than objectives to stimulate national agriculture.

Imports have reached unprecedented levels in recent years in value in foreign currency as well as in absolute volume and relative participation in supply. Grains (corn, sorghum and wheat), oils and oleaginous cakes, sugar and milk have the largest volume and relative importance. Agriculture, with few exceptions, has not been taken seriously enough by the government and politicians or by the public in general.

Now is the time for a short and medium-term action that strongly accelerates production in the basic sectors.

The negative factors are that it will be necessary to confront the limitations of financial and government resources and the shortage of foreign currency for imports of supplies, parts and indispensable equipment. This must be overcome by acting promptly.

The positive factors are the urgent need to confront such a basic problem. Awareness of this should lead to prompt agreements on effective formulas of action. There is a base of human resources, infrastructure, experience, technology and some "installed capacity" which, properly utilized, could yield significant short-term results if a favorable and confident environment is created, necessary resources are provided, efforts are concentrated and activities toward productive ends are coordinated and managed.

Value of Guidelines for Agricultural Sector

The governing principles for activity in the sector during the coming years must be based on the following guidelines:

Direct government participation in operational activities of the food system must be gradually reduced, concentrating its efforts on planning and control of the sectorial productive activity and constantly stimulating the active presence of the private sector.

The agricultural sector must play a basic role in the national economy. Therefore, a clear separation must be established between the objectives of economic instruments and those of specific social content, thus avoiding the confusion that has prevailed.

The available resources for the agricultural sector must be concentrated on areas, sectors and groups of producers in order to give incentives to the production of priority sectors with high import coefficients.

The productive use of available agricultural land and physical infrastructure must increase.

The incorporation of trained youths in the rural area must be actively pursued to meet the needs of new producers and specialized human resources.

The efficiency of product transportation, measured in terms of fewer losses, lower operational costs and adaptation of the volumes transported to the supply of the producers, must be improved in order to raise the income of the farmer and guarantee optimal handling of the crops.

These guidelines must be accompanied by a formal commitment to development of the agricultural sector. This cannot be done as long as the policies that are adopted lean markedly toward anti-inflationary and consumer protection measures. We are referring to the fact that all the food imports remain at an exchange rate that does not correspond to the real value of our currency.

We cannot deny the need for direct subsidies for some goods and services for specific social reasons. What we do criticize is that these subsidies and the overvalued currency for agricultural imports are indiscriminate and affect such a vital sector of our economy like agriculture.

FOREIGN OIL COMPANIES' SUIT AGAINST PDVSA ANALYZED

Caracas RESUMEN in Spanish 23 Sep 84 pp 2-4

[Editorial by Jorge Olavarria: "What Is Behind the Suit Against PDVSA?"]

[Text] Last Friday, 7 September, two U.S. firms that own crude oil refineries--Coastal Corporation, Inc., of Houston, Texas, and Mobile Bay Refining of Mobile, Alabama--brought a lawsuit against PDVSA [Venezuelan Petroleum, Inc.] and its branches in the federal court for the eastern district of Texas. In their petition, the plaintiffs ask the judge to make PDVSA pay triple the damages of \$150 million that they estimate the accused enterprise caused them.

The plaintiffs accuse PDVSA and its branches of violating U.S. laws and of hurting them by establishing what they call a "boycott" against them. Mobile Bay Refining alleges that PDVSA refuses to sell it Venezuelan heavy crude and does not even permit third parties to process this crude oil in its refinery. Coastal Corporation which receives Venezuelan heavy crude alleges that PDVSA and its branches have reduced its supply of crude oil and ships the remainder to other buyers. It has to buy it at a premium from the latter who have made "illegal demands" acting, according to it, as "accomplices" of PDVSA.

The damages for these actions which, in the opinion of the plaintiffs, violate U.S. laws materialize in the loss of business and opportunities for both enterprises. For that reason, they have not been able to repay their financing and recover their investments made to adapt their refineries to process Venezuelan heavy crude. That is why they ask for sanctions, not only compensation for the damage estimated at \$150 million but punitive damages against PDVSA and its branches equal to triple this amount--that is, \$450 million.

In 5 days--on Wednesday, 12 September--in a communique published by all the Venezuelan press, PDVSA called the action "rash, groundless and irresponsible." PDVSA said: "The suit is filled with unfounded statements and was entered after fruitless efforts to try to pressure PDVSA for additional volumes of Venezuelan heavy crude. These are not available due to our production level based on national policy and the commitments acquired with OPEC."

PDVSA revealed: "The minister of energy and mines informed the president of the republic of these pressures at the time. Those high officials are aware of PDVSA's actions and resources to protect national interests and the image and national and international prestige of its oil industry."

As to the legal basis of the case, PDVSA limited itself to reporting: "As can be assumed, the legal strategy does not advise prematurely announcing PDVSA's defense and resources in order to obtain a categorical rejection of this case and to obtain adequate compensation for damages that could be inflicted."

It added: "However, PDVSA guarantees that the commercial strategy and its implementation or contractual formalization are solidly based on professionalism and on commercial ethics recognized internationally. They are also based on the objectives that have been outlined in the Organic Law that reserves the industry and marketing of hydrocarbons to the state and on the policy guidelines it periodically receives from the national executive branch."

As to Mobile's allegation that PDVSA prevents the sale of Venezuelan crude oil to it even by third parties and Coastal's allegation that it is forced to buy crude from third parties at higher prices, the Venezuelan state enterprise explained: "It should particularly be pointed out that the destination control clause is part of the form contracts for crude oil and products, approved by the national executive branch, and is a clause generally used in OPEC countries. It responds to state policy reasons and commercial reasons of unquestionable legitimacy and validity."

Who Pressures the PDVSA?

Based on what PDVSA has reported officially and publicly, both about the allegations of the plaintiffs as well as the clear reasons it gives to call them "irresponsible, rash and unusual," one thing stands out as particularly serious: the revelation by the Venezuelan enterprise that the lawsuit was brought "after fruitless efforts to try to pressure PDVSA for additional volumes of Venezuelan heavy crude."

What were those pressures? What were those efforts? What is the alleged or real strength of that pressure? Who is pressuring and entering a lawsuit of that size? Who are the Venezuelans who whispered in the ears of ministers and directors about the "undesirability" of a lawsuit in the United States brought by people whom they called "serious and influential"? What is the relationship between the Venezuelan "pressurers" and the Yankee plaintiffs?

These questions have to be emphasized and examined in light of the description PDVSA gave to the suit as "irresponsible, rash and unusual" and the revelation that this rash and unusual irresponsibility had been preceded by "pressures." PDVSA considered them so serious that the president of the republic had to be told about them.

All this would seem to show that it is not a matter of tasteless bravado but of facts which, if made public, are liable to cause harm. Therefore, it is deduced that the plaintiffs and those who, in their name, transmitted those pressures to the top government levels thought that PDVSA would have to give in.

In truth, the suit is rash. Superficially that is the adjective that the allegations in the petition deserve. However, the suit was preceded by "pressures" that were serious enough to be brought up with the president of the republic.

It must be inferred that, under that surface, lies "pressure" that is known in the dictionary by the ugly word "blackmail." This has the penal synonym of the crime of extortion.

Motivated by those reflections and questions, we began to scratch the surface of the incident in search of more in-depth explanations to clear up the unknowns. What we have found so far makes us disgusted and indignant.

Julio Iglesias

Julio Iglesias is a Spanish singer who is trying--somewhat successfully--to become a Spanish version of Frank Sinatra in the U.S. billion-dollar record market. Julio Iglesias, the singer, has a namesake who is not related to him but is also named Julio Iglesias.

This other Julio Iglesias is a nationalized U.S. citizen of Cuban origin. His face has never been in HOLA but he is very well known in the oil world since he is closely tied to the oil industry in this part of the world. Julio Iglesias, the oilman, is one of the plaintiffs in the suit against PDVSA.

Julio Iglesias worked for Shell in Cuba and became its president there. In Fulgencio Batista's time, Julio Iglesias managed to cultivate a personal friendship with the dictator. Some days Batista went fishing on Julio Iglesias' yacht and other days Julio Iglesias went fishing on Batista's yacht.

However, their friendship was not limited to fishing. Julio Iglesias was Batista's partner and figurehead in several very lucrative negotiations. When Fulgencio Batista's dictatorship was overthrown, Julio Iglesias tried to weather what he thought was a passing hurricane, Castro. When he realized that his Cuban connections would not help him at all, he quickly fled Cuba, leaving more than \$10 million in Havana banks. They say that he was on the list of those to be shot.

Julio Iglesias continued with his oil transactions in the United States. As they say, birds of a feather flock together. It did not take him long to join up with a Texan named Oscar Wyatt.

Julio Iglesias, the oilman, is the visible head of one of the enterprises, Mobile Bay Refining. It is suing PDVSA alleging to have been hurt by the boycott against it. PDVSA will not sell or permit others to sell it Venezuelan oil. Oscar Wyatt is the visible head of the other enterprise involved, Coastal Corporation, Inc. It alleges that PDVSA has reduced its quota of heavy crude and that the rest is sold to another enterprise from which it has to buy at a premium.

If Julio Iglesias stopped being a Cuban to become a U.S. citizen, Oscar Wyatt stopped being a U.S. citizen to become an Austrian for better reasons, for fiscal reasons.

Julio Iglesias, CVP Partner

In the 1970's--we have not yet determined exactly when--Julio Iglesias and Oscar Wyatt became partners in the Venezuelan state enterprise CVP [Venezuelan Petroleum Corporation]. The association materialized into two enterprises, Venfuel and Fuelco. Julio Iglesias was their president.

In 1975, the Jacksonville Electric Authority took legal action alleging that those two enterprises, taking advantage of the 1973 oil embargo, had illegally overcharged for the fuels they sold to it and it, in turn, had to transfer these costs to its consumers. That lawsuit which resulted in a victory for the plaintiff led to an investigation by the U.S. House of Representatives about the improper management that ultimately increased the price the U.S. people had to pay for energy from imported oil.

The investigation of the committee in charge of this proved beyond any doubt that millions of dollars were paid in illegal commissions to an enterprise registered in Bermuda named Selma. The partners in this enterprise were Julio Iglesias and Mr Leonardo Moleiro, director of international marketing for the CVP. Mr Oscar Wyatt was a partner, associate and connected to the entire operation. Attorney McDade also represents the plaintiffs in the suit brought on 12 September.

Although this grotesque affair must have been known to the Venezuelan Government at least by 1975 when the suit was brought by the Florida electrical enterprise against Venfuel, the hearings of the subcommittee of the House of Representatives were not made public until October 1978. This text reached Valentin Hernandez, then minister of energy and mines.

Why wasn't such a case of corruption that directly and personally compromised an official of the state oil enterprise heard or tried in Venezuela?

People in the industry have agreed in stating that Minister Valentin Hernandez managed to make his opinion prevail. Since the case directly and very seriously affected the administration of President Caldera and the elections were coming, this would inevitably mean the oil question would come up in the electoral debate with the subsequent harm to what until now had been and should be a matter outside the electoral debate.

Whether this is true or not, the elections came and with them the defeat of Perez and Pinerua and Herrera's victory. The affair that was carefully investigated by a U.S. congressional subcommittee was ostensibly covered up by Venezuela and the Venezuelans. It only surfaces now when investigating the reason PDVSA placed Mr Julio Iglesias and his refinery on the "black list." Then we find the unburied corpse.

Plaintiffs and the "Oil Spies"

What relationship is there between the so-called "oil spies" and this case? One fact leaps to mind. In the petition, the plaintiffs constantly mention Roqueven.

This enterprise is a branch of PDVSA which is not operational. Its only current function is as accuser of those accused of illegal use of commercial information, popularly known as the "oil spies." Why?

One explanation might be as follows: Oscar Wyatt, the other plaintiff and head of Coastal, alleges that PDVSA has reduced the number of barrels of heavy crude it sells to him. He also claims that the rest is sold to "third parties" from whom he is forced to buy at higher prices. He says or implies that this is due to improper management of the industry that has granted "quotas" with exemption from the destination clause.

It is repeatedly stated that Mr Wyatt was in Venezuela recently and that he said this in person to several top officials of PDVSA and the operating companies. It is also said that he asked to see Minister Hernandez Grisanti who did not receive him and that Wyatt sent a Telex to PDVSA confirming what he said.

We have not been able to verify this. In fact, the case is still somewhat confusing to us because of the technicalities and mysteries that surround it. However, there is one fact whose basic profiles we have been able to decipher.

There is an enterprise called Sentry whose main dealer is an obscure oilman from Texas named Sandy Brass. Since 1977 or 1978, it has been buying some 10,000 barrels per day of heavy crude, especially the "Laguna" type that has very special technical characteristics, from PDVSA.

Apparently Mr Brass, for reasons that we still do not know, has obtained a "supply guarantee" from PDVSA. It should be mentioned that PDVSA expressly banned the operating companies from giving these guarantees. They can only be granted with the express authorization of the board.

Well, Mr Brass was given that authorization. Apparently he was also exempted from the destination clause. Why? We have not been able to determine this nor have we been able to determine if Sentry has a refinery or not. We do know that it operated a small refinery next to Coastal. Also it has refined the "Laguna" heavy crude in other refineries including Coastal itself and Julio Iglesias' "banned" Mobile Bay. Is this the oil dealer Oscar Wyatt alleges he has to buy from at a premium?

Anyway, how and why was that done? Until now, the only thing we know is that the supply guarantee to Sentry was signed by Manfred Kruger. Manfred Kruger is the highest official--in the operating companies--accused of illegal use of his position and marketing knowledge. He was one of those who managed to escape. The extension, details and depth of the relations between Manfred Kruger and former minister Gumersindo Rodriguez, chief of the Office of Coordination and Planning of the Presidency of the Republic, are still unknown. It is very possible that they will surface in this case as that other corpse of Leonardo Mo-leiro surfaced.

It is already public knowledge that this former minister has now become an active oilman. As Romulo Betancourt said on a memorable occasion in 1978,

Rodriguez has opulent offices. Those offices are not just in Caracas. They are also in New York where Rodriguez has a townhouse that competes with those of the most prosperous magnates in the city. Of course, he bought it with his savings as a public official.

Julio Iglesias and Luis Nunez Arismendi

In the document on the hearings of the investigating committee of the U.S. House of Representatives, Julio Iglesias appears as a resident of Palm Beach. However, we know he has a house and office on Ponce de Leon Boulevard in Miami. We also know about his cultivated friendship with the editor of the newspaper EL UNIVERSAL, Luis Nunez Arismendi. They have been seen together on several occasions recently.

Luis Nunez Arismendi is now spending some time in his apartment at the Miami Jockey Club. He is waiting there for the Appeals Court to hear the attorney general's appeal of Judge Nunez Tenorio's decision.

As is recalled (not very well, of course), Judge Nunez Tenorio released him and his partner Diego Arria after the attorney general formally accused them in the famous case of the "Antimano land." According to this, Nunez Arismendi sold land to Simon Bolivar Center represented by Arria for 23.5 million. About 9 months earlier, he had acquired it for 1.5 million.

Julio Iglesias was the contact between the editor of EL UNIVERSAL and Oscar Wyatt. Neither shy or lazy, Wyatt elaborated on his complaint against PDVSA, explained the importance of having a secure supply of heavy crude which his refinery processes, his "sacrifice" to adapt his refinery to process that heavy Venezuelan oil "that no one wants" and the financial importance that it means to have a contractual guarantee of supplies. We do not know what more they said or what they agreed on but we do know some true and verifiable facts.

The first consists of an uninterrupted series of negotiations and suggestions by Nunez to top officials of the Venezuelan Government. He "warned" them of the "danger" of a suit in the United States against PDVSA (while the debt is being renegotiated!). We know this for certain. Luis Nunez Arismendi even extolled the civic and political stature of the illustrious citizen, Oscar Wyatt, who says he is a "personal friend" of President Reagan.

The second is the presence in PDVSA of Luis Nunez Arismendi's nephew who advocated a quota for Julio Iglesias and Oscar Wyatt. Informed about the reasons and Iglesias' background in his dealings with the CVP, the nephew limited himself to promoting Wyatt.

The third is the publicity EL UNIVERSAL gave to the lawsuit against PDVSA which contrasted with all the other Venezuelan newspapers. This was followed by the notable coincidence of the editorial statement by EL UNIVERSAL on Thursday, 13 September, which had the same general tone as the petition in the suit. They seemed to be written by the same hand. In that article, EL UNIVERSAL states in a threatening tone that "the true scopes" of the suit which it calls "international" "have still not come to light." According to "Amadis," this casts "doubts" on the "good impression of the management of our oil industry."

The similarity in tone to the petition in the suit against PDVSA cannot be more obvious. In that petition, the perversity of the nationalization of Venezuelan oil is mentioned. Then it states that PDVSA and its operating branches are managed in the midst of the most dreadful corruption and that they were punished with the "boycott" precisely for refusing to pay the commissions and surcharges that are "usual" in Venezuela.

The fact that this was said to a judge in Texas is one thing but that this was said on the front page of EL UNIVERSAL in Caracas, equating PDVSA with Imau and Corpomercadeo, is not only a grotesque inaccuracy but a flagrant injustice. Also the top officials who received Nunez Arismendi's "warning" of the "danger" of the lawsuit must have been very surprised that "Amadis" naively asked about the "true scopes" of something he knows only too well.

If we had any doubt left about the Iglesias-Wyatt-Nunez understanding, this was cleared up when we read the letter that the president of PDVSA, Brigido Natera, sent to Luis Teofilo Nunez.

After refuting the inaccuracies in the article in question and emphasizing the publicity that EL UNIVERSAL gave to the matter, he notes what a good understander must understand when he learns of the decision by the PDVSA board to "confront and denounce those maneuvers that attack the interests of the national oil industry and the country itself."

There are curious and obscure matters involved. For example, the same day the suit was introduced--Friday, 7 September--and even before the enterprise being sued learned about it, envelopes with copies of the petition appeared at the Ministry of Domestic Relations and in other offices in Miraflores. The next day--Saturday, 8 September--the "pressurers" announced their "concern" about it and suggested the "need" to "reach an agreement" with the plaintiffs. The "agreement" consists, naturally, in giving them an oil quota.

Matter of Greatest Seriousness and National Interest

The marketing of Venezuelan oil has always been forbidden territory for the Venezuelans. Possibly this is not completely fair but it is sound and expedient and so it should be.

Surely more than one person has managed to elude this unwritten law. The still confused and unresolved case of the "oil spies" seems to prove this. However, this should serve as an example and warning to amend, correct and improve the mechanisms of control and vigilance and to reinforce the decision--which I believe is unanimous--that the marketing of Venezuelan oil be done as much as possible directly and professionally by the employees of the industry who must receive payment for this work.

If there are names and facts behind this suit that reveal that there have been political pressures to obtain illegal advantages or cause harm from which third parties benefitted, it must not only be made known and aired but punished very severely. I do not have the slightest doubt that the immense majority of the leaders of the Venezuelan parties completely agree with this.

However, contrary to what EL UNIVERSAL predicts, I dare think that this is nothing more than vulgar blackmail based on a false assumption of influence, a mistaken diagnosis of the moral climate and health of Venezuela and--in any event--a mistaken calculation of the scope of power and the impunity of some who seem to be related or involved with the case.

The matter is certainly serious and grave, not so much to make sure "the true scopes" of the suit are known and the names of those involved in it revealed, but because if it is not clearly, truthfully and promptly explained in all its scope, great harm can be done to a vital enterprise for the country.

With all its defects, the Venezuelan oil industry is an oasis of organization, efficiency, discipline and administrative probity. Of course, there is a lot to improve and correct. Perhaps this incident serves to arouse many sleeping ideas and initiatives. However, there is more to respect than to scorn, more to preserve than to eliminate, more to defend than to attack. It is not only a duty of truth and justice to say this but a patriotic duty.

7717

CSO: 3348/14

BRIEFS

DECREASE IN MONEY SUPPLY--The monetary liquidity level of the country went down 1 billion bolivares the last week of August as a result of several concurrent factors. The most important was the retraction of bank credit and the slow payment flow at the official budget level. In its statistical information bulletin issued yesterday, the Central Bank of Venezuela stated that on the indicated date (24 August) the monetary liquidity level was about 165,105,000,000 bolivares compared to 166,072,000,000 a week earlier. The amount of money in the hands of the people (cash and accessible deposits) reached 61,705,000,000 bolivares the week before. It was down to 60,469,000,000 bolivares on 24 August. The amount in savings deposits and fixed-term deposits known as "quasi-money" totaled 104,636,000,000 bolivares, 270 million bolivares more than the previous week. Total bank deposits on 24 August reached 111,337,000,000 bolivares and disbursements and investments by commercial banking totaled 91,161,000,000 bolivares. It can be seen that, between December 1983 and the end of August 1984, disbursements and investments increased about 4.5 billion bolivares. This is considered satisfactory in view of the recessive atmosphere of the national economy. [Text] [Caracas EL UNIVERSAL in Spanish 8 Sep 84 p 1-1] 7717

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